



MINERA SAN CRISTÓBAL S.A.

REGULATION OF ETHICS AND BUSINESS CONDUCT

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REGULATION OF ETHICS AND BUSINESS CONDUCT

CHAPTER I. GENERAL PROVISIONS

Section 1. - Objective

The business of Minera San Cristóbal S.A. (the “Company”) shall be conducted with honesty and integrity and in accordance with the highest ethical and legal standards, avoiding any act of corruption. Minera San Cristobal S.A. define as “Corruption”, any action that transgresses the current legal norms and the ethical principles of the Company.

This Regulation of Ethics and Business Conduct (the “Regulation”) has been adopted by the Company to provide written standards and guidance to promote:

- a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b) Compliance with applicable governmental laws, rules and regulations;
- c) Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files or submits;
- d) The prompt internal reporting of violations of the Regulation to an appropriate person or persons identified in the Regulation; and
- e) Accountability for adherence to the Regulation.

Section 2. - Scope

This regulation applies to directors, managers, employees and workers of the Company, collectively the "Covered Persons".

CHAPTER II. HONEST AND ETHICAL CONDUCT

Section 3. - Commitment

The Company is committed to compliance with the highest ethical standards in pursuing its business interests and expects Covered Persons to observe those standards.

Section 4. - Ethical Standards

Stated generally, some of the ethical standards to which the Company is committed, and for which all Covered Persons are individually accountable, are as follows:

- a) Conducting the Company’s business in compliance with applicable governmental laws, rules, and regulations.
- b) Dealing ethically in transactions with contractors, suppliers, customers, employees and others.
- c) Avoiding situations where personal interests are, or appear to be, in conflict with the Company’s interests.
- d) Responsibly using and protecting the Company’s assets, including property, equipment, facilities, funds and information.
- e) Maintaining confidentiality of nonpublic information and not acting on such information for personal gain.

Some of these ethical standards are discussed in more detail below.



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CHAPTER III. COMPLIANCE WITH THE LAW

Section 5. - Comply with all Laws, Rules and Regulations

The Company and all Covered Persons should respect and comply with all of the applicable laws, rules and regulations of Bolivia.

In relation to the aforementioned, in concordance with in force and applicable laws in Bolivia, Covered Persons guarantee, that in relation to the services rendered to the Company, they have not made or will make payments, gifts or offers or promises of payment or gifts of any nature, either directly or indirectly to any official of any Government or agency or entity with no exceptions.

The Annex lists the conduct prohibited and classified as offences in the Penal code in relation to the receipt or delivery of gifts, protocol recognitions, meals and travel expenses, which must be observed by the persons covered.

Section 6. - Understanding

The Company is subject to legal requirements that are both numerous and complex. All Covered Persons should understand those laws that apply to them in the performance of their jobs and take steps to ensure that the parts of the Company's operations with which they are involved are conducted in conformity with those laws.

Section 7 - Responsibility

Each Covered Person is personally responsible for complying with the law. The failure of Covered Persons to adhere to the letter and the spirit of the law could result in both personal and corporate civil or criminal liability.

Section 8. - Report

Each Covered Person is charged with the responsibility of reporting to his supervisor, manager or director (as defined in Section 8) any behavior or conduct related to the Company's business or affairs that could reasonably constitute a criminal offense and/or non compliance with applicable laws and regulations.

Section 9. - Questions

If a Covered Person has questions or any concerns about whether his or her conduct or the conduct of others may result in personal or criminal liability, the Covered Person should seek specific guidance and advice from his or her supervisor, manager, director or from the General Manager.

Section 10. – Applicable Laws and Regulations

This Regulation does not summarize all laws, rules and regulations applicable to the Company and its employees, officers and directors, the Covered Person should consult his/her supervisor, manager, director or the General Manager of the specific laws, rules and regulations applicable to the Company.



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Section 11. - Consultations at a Higher Level

If the Covered Person believes that directions from a supervisor or manager may violate applicable law, should consult with his/her supervisor (next higher), director or the General Manager.

CHAPTER IV. CONFLICTS OF INTEREST

Section 12. - Prohibition

Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Company's General Manager.

Section 13. - Existence of Conflict of Interest

A "conflict of interest" exists when a person's private interest interferes or enters in conflict, or appears to interfere or enter in conflict, with the interests of the Company or the person's duties to the Company.

Section 14. - Other sources of Conflict of Interest

Conflicts of interest may also arise when a person, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company or has a personal interest that may adversely influence his or her objectivity or the exercise of sound, ethical business judgment.

Section 15. - Examples

For example, a conflict of interest could exist if a Covered Person:

- a) Accepts a gift, service, payment or other benefit of more than nominal value from a competitor, supplier, or customer of the Company, or any entity or organization with which the Company does business or seeks to do business; provided normal course of business gatherings sponsored by customers or suppliers shall be permissible;
- b) Lends to, borrows from, or has a material interest (equity or otherwise) in a competitor, supplier, or customer of the Company, or any entity or organization with which the Company does business or seeks to do business;
- c) Accepts compensation (in any form) for services performed for the Company from any source other than the Company;
- d) Serves as a director, officer, partner, consultant, or in any other significant role, in any competitor, supplier, or customer of the Company, or any entity or organization with which the Company does business or seeks to do business;
- e) Acts as a broker, finder or other intermediary for the benefit of a third party in transactions involving the Company or its interests;
- f) Knowingly competes with the Company; or
- g) Conducts significant outside business activity that precludes the Covered Person from devoting appropriate time and attention to his or her responsibilities with the Company.

Section 16. - Questions about Conflicts of Interest

Conflicts of interest may not always be clear-cut, so if the Covered Person has a question, he/she should consult with supervisor, manager or director.



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Section 17.- Guidelines on receiving gifts

To the effects of these Regulations a gift is defined as “something given voluntarily without payment in return, honors an occasion or makes a gesture of assistance”.

In order to avoid risks to the Company that may arise as a result of substantial gifts given by contractors, suppliers or others to Covered Persons with or without expectations of a preferential treatment, receiving gifts by Covered Persons is bound by the following guidelines:

- a) Do not accept cash or cash equivalents (i.e. bank check, credit instruments, etc.);
- b) Do not accept travel and accommodations paid by others. If it's a legitimate business trip the Company shall pay for trip expenses for Covered Persons;
- c) While on a business trip, payment for dining expenses (ie. Lunch, dinner) by host is acceptable;
- d) If receiving a gift valued greater than USD 100 (One Hundred 00/100 US Dollars), recipient shall make sure provider is not expecting favors in return;
- e) If any Covered Person suspects that gifts are being given with expectations of preferential treatment then he/she should report the matter as per established in this Regulations.

Section 18. - Other Prohibitions

Covered Persons are also prohibited from:

- a) taking for themselves personally opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position;
- b) using corporate property, information or position for personal gain; and
- c) Competing with the Company.

Section 19. - Interest Company

Covered Persons have a duty to the Company to advance the Company's legitimate interests when the opportunity arises.

Section 20. - Permissions

The President or the General Manager shall have the authority to evaluate and waive any conflict or apparent conflict of interest.

CHAPTER V. CONFIDENTIALITY

Section 21. - Confidential Information

Confidential information includes all non-public information that might be of use to existing or potential new shareholders or competitors of the Company, or harmful to the Company if disclosed.

Section 22. - Maintaining Confidentiality

Covered Persons must maintain the confidentiality of information entrusted to them by the Company, except when disclosure is legally mandated.



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Section 23. - Legal obligation to disclose Confidential Information

Whenever feasible, Covered Persons should consult the General Manager if they believe they have a legal obligation to disclose confidential information.

CHAPTER VI. FAIR TREATMENT

Section 24. - Obligation to Equity

Each Covered Person will give fair treatment to Company's employees, officers, customers, suppliers and competitors.

Section 25. - No Unfair Advantage

No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

CHAPTER VII. PROTECTION AND PROPER USE OF COMPANY ASSETS

Section 26. - Protection and Proper Use

All Covered Persons should protect the Company's assets and ensure their efficient use.

Section 27. - Use restricted to Business Purposes

Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used only for legitimate business purposes.

CHAPTER VIII. PUBLIC INFORMATION

Section 28. - Public Reports

It is of critical importance that the Company's public disclosures be accurate and timely. A Covered Person may be called upon to provide necessary information to assure that the Company's public disclosures are complete, fair and understandable.

Section 29. - Answers Exact

The Company expects Covered Persons to take this responsibility very seriously and to provide prompt, accurate answers to inquiries related to the Company's public disclosure requirements.

Section 30. - Books, Records, Accounts and Financial Statements

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls.

Section 31. - Communication of deficiencies in Internal Controls or Fraud

Each Covered Person must promptly bring to the attention of his or her supervisor, manager, director, General Manager or to the President of the Company any information that the Covered Person may have concerning:



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- a) significant deficiencies in the design or operation of internal control over financial reporting that could adversely affect the Company's ability to record, process, summarize and report financial data; or
- b) any fraud, whether or not material, that involves management, directors, or other Covered Persons.

CHAPTER IX. CHAIN REPORT

Section 32. - Business Conduct

Each Covered Person must immediately inform its supervisor as part of the Business Conduct.

Section 33. - Obligation to Report

Each Covered Person has an obligation to promptly notify his or her supervisor, manager or director of any situation that may go against the values of the Company, that may damage the corporate image of the Company, may violate any policy of the Company (including this Regulation), any accident or incident. In respect to the present Regulation, any suspected violation of this Regulation shall be promptly reported to the supervisor, manager or director of the area.

Section 34. - Action

If a supervisor, manager or director of the Company receives information regarding an alleged violation of this Regulation, they shall either directly or through the services of others under its supervision, which may include members of management and outside counsel and advisors:

- a) evaluate such information as to gravity and credibility;
- b) if necessary, initiate an informal inquiry or a formal investigation with respect thereto;
- c) if appropriate; prepare a written report of the results of such inquiry or investigation, including recommendations as to the disposition of such matter;
- d) if appropriate, make the results of such inquiry or investigation available to the public (including disciplinary action). Every manager, or director of the Company, will communicate the results of such inquiry or investigation concerning an illegal or unethical conduct or violation of this Regulation to the General Manager or to the President of the Company.
- e) if appropriate, recommend changes to this Regulation that they deem necessary or desirable to prevent similar violations of this Regulation.

Section 35. - Responsibility for Disciplinary Action

Management shall enforce this Regulation through appropriate disciplinary actions. They shall determine whether violations of this Regulation have occurred and, if so, shall determine the disciplinary actions to be taken against any Covered Person who has violated the Regulation.

Section 36. - Disciplinary Actions

The disciplinary actions available to the Board and the Management include counseling, oral or written reprimands, warnings, probations or suspensions (with or without pay), demotions or terminations of employment.



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Section 37. - No Retaliation

The Company will not allow retaliation for reports of potential violations to this Regulation that is made in good faith.

Section 38. - Reports of alleged violations of this Regulation

Reports of alleged violations or concerns, shall:

- a) be objective, rather than speculative or conclusive.
- b) contain as much specific detail as possible to allow for proper assessment.
- c) clearly set forth all the information the employee knows about the alleged violation.
- d) candid and should set forth all of the information that the employee knows regarding the allegation or concern.
- e) contain sufficient corroborating information to support the initiation of an investigation.

Section 39. - Home Investigation

The Company may, in its reasonable discretion, determine not to commence an investigation if a complaint contains only unspecified or broad allegations of wrongdoing without appropriate factual support.

Section 40. - Involvement

For the avoidance of doubt, the jurisdiction of the Management shall include, in addition to the Covered Person that violated this Regulation, any other employee involved in the wrongdoing such as:

- a) persons who fail to use reasonable care to detect a material violation; and
- b) persons who withhold material information about a suspected violation of this Regulation when requested to divulge such information.

Section 41. - Clarifications on violations of this Regulation

Situations that may involve a violation of this Regulation may not always be clear. Covered Persons should discuss their questions or concerns about violations of laws, rules or regulations with his or her supervisor, manager, director or the General Manager of the Company.

CHAPTER X. AMENDMENTS AND WAIVER

Section 42. - Responsibilities by Amendment and Exception

This Regulation may only be amended by the Board or by the General Manager, and any waiver or implicit waiver of this Regulation must be approved by the Board or the General Manager.

Section 43. - Disclosure of Amendments and Exceptions

All amendments or waivers of the Regulation for a director or executive officer shall be disclosed to the President of the Company.



ANNEX

Active Bribery: Consisting in the delivery or promise, directly or indirectly, made by a particular person to a public official or authority, as well as gifts or any benefit, with the purpose of having said official to act or refrain from acting in the performance of his duties.

Illicit Enrichment of Individuals that affects the State: Consisting in the disproportionate increase in the assets of a natural person through private activity with respect to his/her legitimate income affecting the State's assets, that cannot be undermined as coming from a legitimate activity. Applicable also in the case of activities incurred by the representatives or former legal representatives of the Company who, through private activities, have increased its assets, affecting the State's assets and who cannot prove that they come from a lawful activity. In this case the Company could be obliged to retribute to the State the assets that would have been affected in addition to those obtained as a result of the crime and may be sanctioned with fines.

Favoring illicit enrichment: Consisting in hiding, disguising or legitimating the increase in assets provided in the preceding offense, facilitating one's name or participating in economic, financial and commercial activities.

Transnational Active Bribery: Consisting in the promise, offer or grant, directly or indirectly, to a foreign public official, or a public international organization, benefits such as gifts, favors or benefits, that result in one's benefit or that of another person or entity, with the purpose of having said official to act or refrain from acting in the performance of his duties in order to obtain or maintain an improper benefit in connection with the conduction of international commercial activities.

Concealing after corruption related activities: Consisting in the activities that follow corruption related activities by helping the person who committed them in providing help in order to secure the benefit or result or knowingly receive, hide, sale or purchase the profits of the activity.

Illegitimate contributions and benefits: Consisting in the abuse of a status as leader or simulating functions, representations, instructions or orders from superiors, personally or through an intermediary, in order to demand or obtain money or other economic advantage for one's own benefit or a third party's.