



Silver Bear Resources Plc
Anti-Bribery and anti-Corruption Policy
August 13, 2018

1. INTRODUCTION

This Anti-Bribery and Corruption Policy (the "**Policy**") provides guidance in relation to the ethical business activities of Silver Bear Resources Plc ("**Silver Bear**") and its subsidiaries (together, the "**Group**").

This Policy applies to all Group officers, directors and employees and all third parties acting on behalf of the Group including all agents, consultants, and contractors (together, "**Group Personnel**"). Group Personnel must become familiar with, understand and comply with this Policy, including any and all future updates to the same.

Should you have any questions about the application of this Policy, please contact the relevant person for your region listed in Appendix 1.

2. POLICY STATEMENT

It is the Group's policy to maintain the highest level of ethical standards in the conduct of its business and to conduct such business in an honest way, without the use of corrupt practices. The Group is committed to observing all anti-bribery and corruption laws in all the jurisdictions in which it operates, including the United Kingdom.

By their action and conduct, Group Personnel are essential to maintaining the Group's high ethical standards.

The Group attaches the utmost importance to this Policy and will apply a zero tolerance approach to any acts of corruption committed by Group Personnel. Group Personnel must not, directly or indirectly, be involved in any form of corruption, including bribery.

Any breach of this Policy by an employee will be regarded as a serious matter by the Group and **will result in disciplinary action** up to and including termination of employment. The Group may terminate its relationship with other individuals or organizations working on its behalf if they breach this Policy. In cases where the conduct violates applicable laws, rules and regulations, Silver Bear may also refer the matter to appropriate regulatory authorities, which could result in penalties, fines and imprisonment.

3. RESPONSIBILITY FOR POLICY

The Board of Directors has overall responsibility for this Policy including:

- i. ensuring the Policy and procedures are adequate and otherwise comply with the Group's legal and ethical obligations;
- ii. ensuring that all those under its control comply with it;
- iii. ensuring that the effectiveness of the Policy is monitored by the Audit Committee; and
- iv. periodically reviewing the Policy.

Management at all levels are responsible for ensuring those reporting to them understand and comply with this Policy and are given adequate and regular training on it.

4. WHAT IS BRIBERY AND CORRUPTION?

4.1 Corruption

Corruption can take innumerable forms and pervade all aspects of life; it is often difficult to identify. Transparency International defines corruption generally as *"the abuse of entrusted power for private gain."*¹

"Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs.

Grand corruption consists of acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders to benefit at the expense of the public good. Petty corruption refers to everyday abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens, who often are trying to access basic goods or services in places like hospitals, schools, police departments and other agencies.

*Political corruption is a manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth.*²

Acts of corruption are designed to influence an individual with power or discretion in the performance of their duties and incline them to act dishonestly or otherwise in breach of their duties. As the European Ministers of Parliament pointed out in 1994 and 1997, its effect is to undermine the rule of law, democracy, human rights, fairness and social justice. It hinders economic development and endangers the moral foundations of society.

Anyone can commit corrupt acts, irrespective of whether they are an individual person or a corrupt entity.

Corruption is a criminal offence in most countries in which the Group operates, and corrupt acts expose the Group and Group Personnel to the risk of prosecution, fines and imprisonment, as well as endangering the Group's reputation.

4.2 Bribery

Bribery is a form of corruption. It consists of the offer, promise, giving, demanding or acceptance of a financial and/or other advantage as an inducement for an action which is illegal, unethical or in breach of a duty to act in good faith, impartially, in accordance with a position of trust or the law.

Bribes can take many different forms. A bribe could be the:

- direct or indirect promise, offering, or authorisation, of *anything* of value;
- offer or receipt of any kickback, loan, fee, reward or other advantage; and/or
- giving of aid, donations or voting designed to exert improper influence.

Bribes may be made directly or indirectly through an intermediary.

¹ <https://www.transparency.org/what-is-corruption#define>

² Ibid

5. WHAT DOES THE LAW SAY ABOUT BRIBERY AND CORRUPTION

5.1 Overview

The United Kingdom Bribery Act 2010 (the “**Act**”) came into force in July 2011.

The Act prohibits bribery:

1. by all individuals (irrespective of whether they are private citizens or public officials) and all corporate entities; and
2. in the private and public sectors in the UK.

Crucially, the Act also has extra-territorial reach.

Additional offences may also apply under the Act in circumstances where any non-UK public officials are involved.

5.2 Bribing A Person

The Act provides that it is an offence for a person (which definition also includes a body corporate) to offer, promise, or give a financial or other advantage to a person:

1. **intending** that advantage to induce the recipient or another individual to improperly perform a “relevant” function or duty (or reward them for such improper performance); **or**
2. **knowing or believing** that the acceptance of the advantage would itself constitute an improper performance of a relevant function or activity.

It does not matter if the advantage is offered, promised or given by a person directly or indirectly through a third party, such as an employee or third party service provider.

Relevant Function or Activity

A function or activity is “relevant” in these circumstances if it is:

1. of a public nature;
2. connected with a business;
3. performed in the course of a person’s employment; or
4. performed by or on behalf of a body of persons (whether corporate or unincorporated).

Additionally, the person performing a function must also be:

1. expected to perform it in good faith;
2. expected to perform it impartially; or
3. in a position of trust by virtue of performing it.

It is irrelevant that the function or activity has no connection with the UK, nor that it is performed outside the UK.

5.3 Requesting, Agreeing to Receive or Accepting a Bribe

The Act prohibits a person (including a body corporate) from requesting, agreeing to receive, or accepting a bribe intending that a relevant function should then be performed improperly, either by that person or by another person at the request of, or with the assent or acquiescence of, the first person.

As with Section 1, it does not matter if the advantage is requested, agreed to or accepted directly or indirectly. It is also irrelevant whether the bribe is, or will be, for that person's benefit or the benefit of another person. It does not matter whether the person requesting or accepting the bribe knows or believes that the performance of the relevant.

Whether a function or activity is "relevant" depends on the criteria as set out above.

5.4 Bribing A Foreign Public Official

The Act provides that it is an offence if a person (which, as before, includes a body corporate) bribes a foreign public official, either directly or indirectly through any third party, where the person's intention is to:

1. influence the official in his capacity as a foreign public official; and
2. obtain or retain either a business or an advantage in the conduct of business.

5.5 Failure to Prevent Bribery

The Act also creates a strict liability offence when a commercial organisations fails to prevent a person associated with it from bribing another person, intending to obtain or retain a business advantage or an advantage in the conduct of business for the commercial organisation. It is therefore crucial that the Group has adequate procedures in place to prevent such acts by those working for or on its behalf, no matter where in the world they operate.

6. WHERE DO BRIBERY AND CORRUPTION RISKS TYPICALLY ARISE?

6.1 Use of Business Partners

Whilst the use of business partners (such as sub-contractors, agents, and authorised representatives) can help us reach our goals and operate more globally, we need to be aware that these arrangements can potentially present the Group with significant risks.

NB: Business partners who act on the Group's behalf must be advised of the existence of this Policy and operate at all times in accordance with it.

Management is responsible for scrutinising, approving and monitoring each business relationship with such third party partners, including by:

- evaluating the background, experience, and reputation of the business partner;
- understanding the services to be provided, and methods of compensation and payment;
- evaluating the business rationale for engaging the business partner;
- taking reasonable steps to monitor the transactions of business partners appropriately; and
- ensuring there is a written agreement in place which acknowledges the business partner's understanding of and compliance with this Policy and contains the Group's standard anti-bribery provisions.

The Group is ultimately responsible for ensuring that business partners who act on our behalf are compliant with this Policy as well as any local laws. Ignorance or “turning a blind eye” is not an excuse.

6.2 Gifts, Hospitality and Expenses

Gifts, entertainment and hospitality includes the offering (or receipt) of gifts, meals or tokens of appreciation and gratitude, or invitations to events, functions, or other social gatherings, in connection with matters related to our business. These activities are acceptable provided they are transparent, proportionate, reasonable and bona fide.

Reimbursing a third party's expenses, or accepting an offer to reimburse a Group Personnel expenses (such as the cost of attending a business meeting) would not usually amount to bribery. However, a payment in excess of genuine and reasonable business expenses (such as the cost of an extended hotel stay) is not acceptable.

Transparency

When arranging entertainment or hospitality, it is recommended that the Group Personnel should send a written invitation to the recipient, his or her supervisor, or the appropriate government agency or department in the case of public officials.

While obtaining approval to accept an offer is the responsibility of the recipient, a written invitation provides full transparency of the Group's intention and is helpful information the recipient may need to determine acceptability or to obtain any internal approvals his or her own rules require.

Invitations should include details of:

1. the purpose and proposed agenda;
2. the proposed business courtesy; and
3. the cost or value of the business courtesy.

A statement should also be included to the effect that the Group assumes that the business courtesy is permissible under any governing rules or regulations applicable to the recipient and that the recipient will obtain any required approvals.

Reasonable, Proportionate and Bona Fide

All hospitality, entertainment and gifts should be reasonable, proportionate and bona fide so as to reflect a desire to establish or maintain good business relationships, improve the Group's business reputation and/or for marketing purposes; there should be no desire to induce improper behaviour of the recipient. All promotional expenditure should seek to improve the image of the Group as a commercial organisation, to enhance the presentation of our products or services, or to establish cordial relations, but not to incentivise the recipient to act unethically or in breach of their duties.

The recipient should ***never*** be given the impression that they are under any kind of obligation to the Group in exchange for any hospitality or promotional expenditure, or that the Group is seeking to influence the recipient's independence by creating an impression that they “owe us one”. For example, any gift, hospitality or other advantage which is provided (explicitly or implicitly) as a *quid pro quo* for the award of a contract or other discretionary action by the recipient is prohibited.

Practical Guidance

This Policy is *not* meant to prohibit the following practices providing they are customary in a particular market, are appropriate, proportionate, bona fide and properly recorded:

- normal and appropriate hospitality (e.g. occasional lunches or dinners that are connected to genuine business discussions and invitations to occasional sporting or cultural events where business discussions take place);
- the giving of a ceremonial gift relating to an event of cultural or religious significance; and
- the use of any recognised fast-track process which is available to all on payment of a fee to an entity or agency (not an individual), and where the entity or agency will issue a receipt for the payment.

The following sections provide practical guidance in relation to gifts, entertainment and various forms of hospitality and must be considered by the Group Personnel, whether they are the giver or receiver.

Gifts

Purpose and Record

- The gift must be made without placing the recipient under any obligation and without creating any expectations.
- Gifts must be given openly.
- The gift must be made in the name of the Group and not that of an individual.
- Gifts given should be accurately declared and recorded in a central register held by management.

Timing

- Gifts must not be given to any recipient (whether a commercial relation or otherwise) with whom the Group is currently negotiating a sale, contract or other contractual relationship.
- Multiple gifts should not be frequently given to the same recipient, division, business enterprise or public department. For example, there is an obvious difference between a bottle of wine at Christmas and a bottle every month. Small but frequent gifts establish a pattern and, in the aggregate, may result in a substantial amount in monetary terms.

Recipient

- Group Personnel are prohibited from accepting gifts.
- Gifts should not be offered to or accepted by the spouse, child, parent of, or person otherwise closely connected with, Group Personnel, a commercial relation and/or public official.

Type

- Lavish and/or obviously excessive gifts are never acceptable.
- Gifts should be of a trivial and, if applicable, seasonal nature; e.g. diaries, calendars and other inexpensive items.
- Cash or cash equivalents (e.g. vouchers) and/or sexual or similarly inappropriate activities as a gift are prohibited.
- The gift must not be contrary to local law of the state in which it was given either in terms of the item itself or its value.

Entertainment

Purpose

- Entertainment may only be offered or accepted by Group Personnel if it is reasonable, bona fide and directly related to a business purpose; e.g. an industry-related event.

Timing

- Entertainment must not be offered to any recipient (whether a public official or commercial relation) with whom the Group is currently negotiating a sale, contract or other contractual relationship.
- Entertainment should not be frequently provided to the same recipient, division, business enterprise or public department in any particular calendar year as this will call into question the legitimacy of the offer of entertainment.

Recipient

- If entertainment is offered to a group, the group must be limited to the persons whose attendance is strictly necessary in the context of the business purpose of an event.
- Entertainment must not be offered to, or accepted by, the spouse, child, parent of, or person otherwise closely connected with, Group Personnel, a commercial relation and/or public official.

Type

- Entertainment of a purely sporting, social, sightseeing or cultural nature must not be offered. There must be a direct business purpose (e.g. in terms of the event providing an appropriate forum for discussing and exploring business issues and opportunities – see Ministry of Justice (“**MOJ**”) guidance quoted below).
- Lavish and/or obviously excessive entertainment is never acceptable.
- Any form of sexual, quasi-sexual or similarly inappropriate entertainment, even if legal, is prohibited.
- A number of factors should be taken into account when determining whether the proposed entertainment is appropriate. The following is a non-exhaustive list to demonstrate the kind of issues that should be considered:
 - How generous is the entertainment? Consider the value, number of days involved, location, and whether other associated expenses (such as travel and/or accommodation) will also be incurred. The more generous, the longer it takes and the more benefits, the less likely that it will be acceptable.
 - Is the proposed entertainment typical in the industry?
 - Does the proposed entertainment constitute a significant portion of annual budget?
- The Group notes that the MOJ final guidance states:

"an invitation to foreign clients to attend a Six Nations match at Twickenham as part of a public relations exercise designed to cement good relations or enhance knowledge in the organisation's field is extremely unlikely to engage section 1 [of the UK Bribery Act 2010] as there is unlikely to be evidence of an intention to induce improper performance of a relevant function."

Manner of Invitation

- Entertainment must be given and received openly.

- Before offering entertainment, Group personnel should send a detailed written invitation as set out above under Section 6.2 - Transparency.

Meals

Purpose

- Meals and refreshments may only be offered or accepted by Group Personnel if reasonable, bona fide and directly related to a business purpose.

Recipient

- Meals must not be offered to, or accepted by, the spouse, child, parent of, or person otherwise closely connected with, the Group Personnel, a commercial relation and/or public official.

Type

- Meals must be taken in places suitable for business engagements.
- Lavish and/or obviously excessively expensive meals are never acceptable.
- A number of factors should be taken into account when determining whether the proposed meal is appropriate. The following is a non-exhaustive list to demonstrate the kind of issues that should be considered:
 - Is the meal at the top end of the scale for meals in that location?
 - Is a meal typical for this business relationship?
 - Does the meal include very expensive single items?
 - What is the relative status of the guests?
 - Would the guest likely be able to afford to pay their own share?
 - How does the cost of the meal equate to the guest's monthly salary?

Transportation

Purpose

- Transportation may only be offered or accepted by Group Personnel if it is reasonable, bona fide and directly related to a business purpose; e.g. necessary to facilitate a business meeting or event.
- Certain types of public official are prohibited from accepting transportation (local or non-local) under any circumstances. This includes: MOJ officials; police officers; and members of the United Kingdom Royal Family.
- Other types of public official are prohibited from accepting transportation unless exceptional circumstances exist e.g. the official would be stranded or left in an unsafe position if transport is unavailable, or where required for a remote or hard to reach site visit. This is likely to apply to Ministry of Defence officials (non-local transportation); Ministers of the Crown (local and non-local transportation); and any other government officer or entity (including GCHQ and intelligence officers) (local and non-local transportation).

Recipient

- Transportation must not be offered to, or accepted by, the spouse, child, parent of, or person otherwise closely connected with, Group Personnel, a commercial relation and/or public official.

Type

- First class travel is unlikely to be considered acceptable. However, the Group acknowledges that there are industry and cultural variants.
- Payment must always be made directly to the company operating the method of transportation or the travel agent.

Accommodation

Purpose

- Accommodation may only be offered or accepted by Group Personnel if it is reasonable, bona fide and directly related to a business purpose.
- Certain types of public official are prohibited from accepting accommodation under any circumstances. This includes: MOJ officials; police officers; and members of the Royal Family.
- Other types of public officials cannot accept lodging unless exceptional circumstances exist. This includes: MOD officials; Ministers of the Crown; and any other government officer or entity (including GCHQ and intelligence officers).

Recipient

- Accommodation within the UK may only be offered to members of the House of Commons, members of the House of Lords, and commercial relations.
- Accommodation must not be offered to, or accepted by, the spouse, child, parent of, or person otherwise closely connected with, Group Personnel, a commercial relation and/or public official.

Type

- Luxury, five star accommodation is unlikely to be considered acceptable. However, the Group acknowledges that there are industry and cultural variants.

Other

- Payment must always be made directly to the company operating the accommodation or the travel agent.

6.3 Political Contributions and Donations

The Group does not make any political contributions to politicians, political parties, political campaigns or initiatives.

Charitable donations that are legal and ethical under UK and local laws will be considered on application to the Chief Financial Officer, who will liaise with the Chief Executive Officer. No donation must be offered or made without prior approval by the Chief Executive Officer.

6.4 Facilitating Payments

The Group does not make, and will not accept facilitation payments of any kind.

In many countries, it is customary business practice to make payments or gifts of small value to junior officials in order to speed up or facilitate a routine, non-discretionary action or process. Irrespective of this, facilitation payments are illegal under the UK Bribery Act and also prohibited by this Policy.

It should be noted that the UK Bribery Act 2010 makes no distinction between facilitation payments and bribes – regardless of size or local cultural expectations, even if that is “how business is done here”.

All Group Personnel must avoid any activity that might lead to a facilitation payment being made or accepted by the Group or on the Group’s behalf, or might suggest that such a payment will be made or accepted. If you are asked to make a payment on the Group’s behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with your manager.

If a payment is being extorted from you by force or duress, or if you are faced with potential safety issues, such a payment may be made provided that you contact your manager as soon as reasonably possible after payment and record the payment appropriately within the Group’s books and records.

6.5 Offset Arrangements

Foreign companies when investing for work overseas, are often asked to provide additional investment in the form of community investment (building hospitals, schools or donating to certain charities and sporting events). Where such “offset” arrangements are allowed by local laws or are a legitimate part of the overseas investment in the local communities they are unlikely to amount to bribery of a foreign public official. As a precaution in such circumstances, enquiries should be made to ensure that the funds reach their proper target and that all payments are fully documented.

7. WHAT STEPS CAN WE TAKE TO PREVENT BRIBERY AND CORRUPTION?

We can take the following steps to assist in the prevention of bribery and corruption:

7.1 Risk Assessment

Risk identification pinpoints the specific areas in which we face bribery and corruption risks and allows us to evaluate and mitigate these risks by focussing attention and resources on them. Management must assess and document the vulnerability of each business unit to these risks on an on-going basis, subject to ultimate periodic review by the Board of Directors.

7.2 Accurate Books and Record-Keeping

We must ensure that we maintain accurate and complete books, records and financial reporting within all Group business units and for significant business partners working on our behalf.

All payments made to or by the Group and Group Personnel must be fairly, accurately and properly recorded and reported and must properly and fairly record the transactions to which they relate. Recording such payments in any way which would conceal their true nature or which is contrary to applicable accounting standards is not permitted. The Group complies with standard accounting practices and policies and is required to make and keep books, records and accounts which accurately and fairly reflect all business transactions, assets and liabilities. There must be no “off the books” or secret accounts.

7.3 Effective Monitoring and Internal Control

The Group must ensure that it maintains an effective system of internal control and monitoring of transactions and implement steps to prevent bribery and corruption.

Management will periodically audit internal control systems and procedures to provide assurance of effective compliance with this Policy. The Board of Directors will periodically review this Policy and make such changes therein as they deem appropriate.

The Group's zero-tolerance approach to bribery and corruption must be communicated to all Group Personnel. It will be communicated to third parties with whom the Group contracts and Group approved anti-corruption and bribery clauses should be included in all contracts.

7.4 Training

All Group Personnel will be provided a copy of the Policy, including any future revisions of the same, and advised that it is available on the Group's website.

Training on this Policy will form a part of the induction process for all new Group Personnel. All staff will receive anti-bribery and corruption training on an, at least, annual basis to ensure that they are able to identify bribery and corruption risks, and know what steps to take in such circumstances.

8. REPORTING AND INVESTIGATION OF POLICY VIOLATIONS

8.1 Reporting Concerns

Compliance with this Policy includes the reporting of any violations of the same.

If you have any suspicions or concerns regarding any conduct to which this Policy applies, or if you become aware of any activity contrary to this Policy committed by any person, you must:

- inform your supervisor, one of the persons identified in Appendix 1; or
- report your concerns under the Group's Whistleblower Policy, a copy of which can be found on the Group's website.

Group Personnel who become aware of concerns or circumstances that warrant or require reporting under this Policy are sometimes worried about repercussions. The Group encourages openness and will support anyone who raises genuine concerns in good faith, even if they turn out to be mistaken.

The Group is committed to ensuring no one suffers any detrimental treatment as a result of refusing to engage in corrupt activity or because they reported genuine suspicions of actual or potential corrupt activity in good faith, even if such even if the Group loses business or otherwise suffers a disadvantage as a result. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern.

If you believe that you have suffered detrimental treatment, you should inform the compliance manager immediately. If the matter is not remedied, and you are a Group Personnel, you should raise it formally using our Grievance Procedure, which can be provided upon request.

8.2 Investigation of Reports

Any reports of actual or possible violations of this Policy will be reported to the Chief Executive Officer and the Chairman of the Audit Committee, unless one or both are implicated in the report in which case reports should be made to the non-implicated individual and/or the Chairman of Silver Bear.

The report will be recorded and an investigation file established. The matter will be investigated and documented pursuant to the Audit Committee Procedures set out in the Group's Whistleblower Policy. At the election of the

Chairman of the Audit Committee, or other appropriately nominated individual, the investigation may be conducted by outside counsel, outside accountants and/or others employed by Silver Bear.

The identity of any Group Personnel filing a report will be treated on a confidential basis and only revealed on a need to know basis or as required by law or court order.

If the investigation has confirmed unlawful, violative or other questionable conduct, it will also be reported to the Board of Directors. If any unlawful, violative or other questionable conduct is established, the Chief Executive Officer shall cause such remedial action to be taken as the Board of Directors deems appropriate, which action shall be documented in the written report.

Approved by the Board of Directors

August 13, 2018

RECEIPT AND ACKNOWLEDGEMENT

I, _____, hereby acknowledge that I have received and read a copy of the Group Anti-Bribery and Corruption Policy" (the "**Policy**") and agree to comply with its terms and to conduct myself in accordance with this Policy. I understand that violations of the terms of the Policy may subject me to discipline by the Group up to and including termination.

Signature

Date

Appendix 1 Policy Contact Information

Group Corporate Responsible Persons

Maxim Matveev
Chairman, Audit Committee

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Prognoz Responsible Person

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