



Registered Member

**Code of Ethics;  
Admission and  
Disciplinary Procedures**



# **Society for Mining, Metallurgy, and Exploration, Inc.**

Registered Member

## **CODE OF ETHICS**

### **PREAMBLE**

All Registered Members of the Society for Mining, Metallurgy, and Exploration, Inc. (SME) are required to comply with this Code of Ethics.

### **CODE OF ETHICS**

1. The first responsibility and the highest duty of members shall at all times be the welfare, health and safety of the community.
2. Members shall act so as to uphold and enhance the honor, integrity and dignity of the profession.
3. Members shall perform work only in their areas of competence.
4. Members shall build their professional reputation on merit and shall not compete unfairly.
5. Members shall apply their skill and knowledge in the interests of their employer or client for whom they shall act, in professional matters, as faithful agents or trustees.
6. Members shall give evidence, express opinions or make statements in an objective and truthful manner and on the basis of adequate knowledge.
7. Members shall continue their professional development throughout their careers and shall actively assist and encourage those under their direction to advance their knowledge and experience.
8. Members shall comply with all laws and government regulations relating to the mineral industries, and with the rules, regulations and practices as established and promulgated by the U.S. Securities and Exchange Commission and other comparable regulatory authorities in other jurisdictions with respect to the official listing requirements for mining and other companies.



## INTERPRETATIONS

### CLAUSE 1:

***The first responsibility and the highest duty of members shall at all times be the welfare, health and safety of the community.***

The principle here is that the interests of the community have priority over the interests of others. It follows that a member:

- a. shall avoid assignments that may create a conflict between the interests of the member's client or employer and the public interest;
- b. shall work in conformity with acceptable technological standards and not in a manner that jeopardizes public welfare, health or safety;
- c. shall endeavor at all times to maintain technological services essential to public welfare;
- d. shall in the course of the member's professional life endeavor to promote the well-being of the community and, if the member's judgment is overruled in a particular instance, inform the client or employer of the possible consequences (and, if appropriate under the circumstances, notify the proper authority of the situation);
- e. shall contribute to public discussion on scientific and technological matters in the member's area of competence, if the member believes that it would constructively advance the well-being of the community.

### CLAUSE 2:

***Members shall act so as to uphold and enhance the honor, integrity and dignity of the profession***

The principle here is that the profession should endeavor by its behavior to merit the highest esteem of the community. It follows that a member:

- a. shall not be involved with any business or professional practice which the member knows or should know, based on the facts and circumstances known to the member, to be of fraudulent or dishonest nature;
- b. shall not use association with other persons or entities to conceal unethical acts;
- c. shall not continue in partnership with, nor act in professional matters with any person who has been removed from membership as a Registered Member of SME because of unprofessional conduct.



**CLAUSE 3:**

***Members shall perform work only in their areas of competence.***

To this end, a member:

- a. shall inform the member's employer or client, and make appropriate recommendations on obtaining further advice, if an assignment requires qualifications and experience outside the member's field of competence; and
- b. who is engaged in the practice of consulting shall not act as a consultant nor offer to so act unless the member (i) occupies a position of professional independence, (ii) is prepared to design and supervise works or act as an unbiased and independent adviser, and (iii) otherwise conducts the member's practice in compliance with the conditions approved by SME, including this Code of Ethics and other SME Guidelines.

**CLAUSE 4:**

***Members shall build their professional reputation on merit and shall not compete unfairly.***

The principle here is that members shall not act improperly in a professional sense to gain a benefit. It follows that a member:

- a. shall only approach prospective clients or employers with due regard to the member's professional independence and to this Code of Ethics;
- b. shall neither pay nor offer, directly or indirectly, financial or other inappropriate inducements to third parties in order to secure work from clients;
- c. shall advise clients to choose consultants on the basis of merit.
- d. shall neither falsify nor misrepresent, by misleading omissions or otherwise, the qualifications, experience and prior responsibility of the member or the member's associates;
- e. shall not do anything, maliciously or carelessly, to injure, directly or indirectly, the reputation, prospects or business of others;
- f. shall not use the advantages of a privileged position to compete unfairly with others;
- g. shall exercise due restraint in explaining the member's own work and shall refrain from unfair criticism of the work of another;
- h. shall give proper credit for professional work to those to whom credit is due and acknowledge the contribution of subordinates and others;
- i. may use advertising (which term should be broadly construed to include solicitation of prospective clients by any means) to announce the member's practice and availability, but such advertisements may not include any false or defamatory statements.



#### **CLAUSE 5:**

***Members shall apply their skill and knowledge in the interests of their employer or client for whom they shall act, in professional matters, as faithful agents or trustees.***

It follows that a member:

- a. shall at all times avoid all known or potential conflicts of interest. The member should keep the employer or client fully informed on all matters, including financial interests, which could lead to such a conflict. In no circumstances should the member participate in any decision which could involve the member in conflict of interest;
- b. shall, when acting as administrator of a contract, be impartial as between the parties in the interpretation of the contract. This requirement of impartiality shall not diminish the member's duty to apply the member's skill and knowledge in the interests of the employer or client;
- c. shall not accept compensation, financial or otherwise, from more than one party for services on the same project, unless the circumstances are fully disclosed and agreed to by all interested parties;
- d. shall neither solicit nor accept financial or other valuable consideration, including but not limited to free designs, from material or equipment suppliers in exchange for specifying the suppliers' products;
- e. shall neither solicit nor accept gratuities, directly or indirectly, from contractors, their agents, or other parties dealing with the member's client or employer in connection with work for which the member is responsible;
- f. shall advise the member's client or employer whenever the member believes, based on the member's studies, that a project proposed by the client or employer may not be viable;
- g. shall neither disclose nor use confidential information gained in the course of the member's engagement or employment without express permission of the client or employer except as may be required by court order or other legal process.

#### **CLAUSE 6:**

***Members shall give evidence, express opinions or make statements in an objective and truthful manner and on the basis of adequate knowledge.***

It follows that a member:

- a. (i) shall be objective and accurate in the member's professional reports, statements or testimony before any tribunal and (ii) shall express an opinion only on the basis of adequate knowledge and technical competence in the area.
- b. a member shall reveal the existence of any interest, pecuniary or otherwise, that could be taken to affect the member's judgment in a technical matter about which the member is making a statement or giving evidence.



**CLAUSE 7:**

***Members shall continue their professional development throughout their careers and shall actively assist and encourage those under their direction to advance their knowledge and experience.***

The principle here is that members shall strive to widen their knowledge and improve their skill in order to achieve a continuing improvement of the profession. It follows therefore that a member:

- a. shall encourage the member's professional employees, associates and subordinates to further their education, and
- b. shall take a positive interest in, and encourage the member's professional employees, associates and subordinates actively to support, the SME and other professional organizations which further the general interests of the profession.

**CLAUSE 8:**

***Members shall comply with all laws and government regulations relating to the mineral industries, and with the rules, regulations and practices as established and promulgated by the U.S. Securities and Exchange Commission and other comparable authorities in other jurisdictions with respect to the official listing requirements for mining and or other companies.***

It follows that a member:

- a. shall make reasonable efforts to be informed of the laws and regulations relating to the mineral industries in the United States and other countries where the member may be engaged as an employee or consultant;

shall observe the requirements of stock exchanges and other self-regulatory organizations with respect to the content, preparation and uses of reports on mineral exploration, mineral resources and mineral reserves, and other assessments issued by companies listed by or affiliated with exchanges or self-regulatory organizations.



# **Society for Mining, Metallurgy, and Exploration, Inc.**

Registered Member

## **ADMISSION AND DISCIPLINARY PROCEDURES**

1. Every proposal for admission as Registered Member or for transfer from Member to Registered Member shall be submitted to the Admission Committee using the prescribed SME form. Every proposal shall contain an undertaking by the candidate, if elected or transferred, to adhere to the Code of Ethics as in effect at that time and as it may be amended by the Board of Directors from time to time.
2. Every proposal for admission as Registered Member, or for transfer from Member to Registered Member, shall be signed by not less than three sponsoring Registered Members each of whom must certify their own personal knowledge of the candidate and the candidate's qualifications, experience and character. In special circumstances where the candidate cannot obtain three signatures of Registered Members possessing personal knowledge, the Admission Committee may admit the candidate upon production of other evidence satisfactory to the Admission Committee, in its sole discretion, as to the candidate's qualifications, experience and character.
3. The Admission Committee shall seek confirmation of the qualifications and experience of each candidate and determine whether the candidate meets the requirements for a Registered Member set forth in the Bylaws.
4. All elections and transfers shall take place by confidential ballot of all five members of the Admission Committee, and if the majority of the Admission Committee votes in favor of the candidate, the member shall be declared elected and shall be so notified by letter from the Secretary.
5. The Admission Committee may, in its absolute discretion, refuse to approve the application for admission or transfer of any candidate for Registered Member. In the event of disapproval of a candidate, the Admission Committee shall inform the candidate and the three sponsoring Registered Members of the disapproval and may, in its discretion, inform the candidate or the sponsors of the reasoning of the Admission Committee for such disapproval. If the reasons for disapproval are not disclosed to the candidate or the sponsors, those reasons will be kept confidential by the Admission Committee.
6. A candidate whose nomination for admission or transfer was previously disapproved may be re-nominated when the reasons given by the Admission Committee for the disapproval have been remedied. If no reasons are given to the candidate or the sponsors for the disapproval, then the candidate may be re-nominated at any time.
7. A member may resign as a Registered Member at any time by a written communication to the Admission Committee.
8. Every Registered Member shall observe and be bound by the Code of Ethics as it may be amended by the SME Board of Directors from time to time. Any alleged breach of the Code of Ethics by a Registered Member which is brought before the Ethics Committee shall be considered



by the Ethics Committee and, if proved, shall be dealt with in accordance with the procedures described below.

**9. Disciplinary proceedings shall be conducted in accordance with the following procedures:**

- (1) “Ethics complaint” means that information has been furnished to the Ethics Committee by any person or entity which the Committee, in its sole discretion, believes to raise a genuine issue as to whether a Registered Member has violated the Code of Ethics. “Ethics Committee” means the committee designated as such by the Board of Directors pursuant to the SME Bylaws.
- (2) All ethics complaints shall be initially referred to the Ethics Committee for hearing and determination. Hearings shall be held as expeditiously as is reasonable under the circumstances and the determinations of the Ethics Committee shall be made promptly thereafter.
- (3) Anonymous ethics complaints may form the basis for a disciplinary proceeding against a Registered Member if the Ethics Committee, in its sole discretion, so determines but the acceptance of an anonymous complaint shall not impose any additional duties on the Ethics Committee to independently investigate facts suggested by an anonymous complaint. As a result, if an anonymous complaint is comprised of mere allegations without any specific evidence of the alleged violation of the Code of Ethics, it may not be accepted by the Ethics Committee as the basis for a disciplinary proceeding and, even if accepted, is less likely to result in disciplinary action against the member.
- (4) While the exact hearing and other procedures to be used for consideration of a particular ethics complaint shall be in the discretion of the Ethics Committee, a Registered Member against whom an ethics complaint is made shall always be entitled to notice in writing of the grounds of the complaint and to a reasonable opportunity to respond to such complaint in a hearing before the Ethics Committee.
- (5) At the conclusion of any hearing considering an ethical complaint, the Ethics Committee shall make a determination as to whether clear and convincing evidence of a material violation of the Code of Ethics has been established. If the Ethics Committee determines that the violation of the Code of Ethics alleged in the ethics complaint has been established, by clear and convincing evidence, it may elect, in its discretion, to (i) warn or reprimand the member concerned or (ii) suspend the Registered Member status of the member concerned for a period not exceeding 12 months, or (iii) resolve to expel the member from Registered Membership status. If the Ethics Committee does not find that clear and convincing evidence of a material violation by the Registered Member has been established, the Ethics Committee may not impose any sanction against the Registered Member and shall take no further action against the Registered Member.
- (6) For purposes of determining whether clear and convincing evidence of a violation of the Code of Ethics has been established, a finding by any court, governmental body or agency, including stock exchanges and other similar quasi-governmental or self-regulatory organizations, of facts which, if proven, would establish a violation of the Code of Ethics by a member, the existence of such findings shall be presumed by the Ethics Committee to be clear and convincing evidence of such violation of the Code of Ethics, provided, however, that the member may nevertheless seek to rebut such presumption in the disciplinary proceeding against the member.
- (7) A determination of the Ethics Committee that a member be suspended or expelled shall not take effect until such determination is confirmed by the Board of Directors, and the member concerned is given the opportunity to be heard by the Board of Directors before it decides whether or not to overrule any such determination of the Ethics Committee. Any other sanction imposed by the Ethics Committee against a Registered Member for material violations of the Code of Ethics shall be subject to review, at the request of the Registered Member made no later than thirty (30) days after the decision of the Ethics Committee, by the Board of Directors. If a





majority of the Board of Directors approves the sanction, then it shall become final and no longer subject to review. If the Board of Directors refuses to approve the sanction, then the matter may be remanded by the Board of Directors to the Ethics Committee for further consideration in light of the grounds for disapproval stated by the Board of Directors or may be dismissed altogether.

(8) The Board of Directors shall proceed to review a decision of the Ethics Committee that is required or permitted by this Bylaw in a reasonably expeditious manner. The Registered Member shall be given notice of any hearing and a reasonable opportunity to be heard by the Board of Directors, but otherwise the procedure to be adopted shall be determined by the Board of Directors, which may elect to hear additional evidence or to rely solely on the evidence presented to the Ethics Committee. The Board of Directors shall decide the appeal by ordinary resolution, and shall, in reaching a decision as to what should be the outcome of the ethics complaint giving rise to the appeal, have all of the powers of the Ethics Committee, and may, within those powers, decide to vary the penalty that was imposed by the Ethics Committee, provided, however, that except for cases involving expulsions, the disapproval of the President alone shall be grounds for the disapproval of any sanctions imposed by the Ethics Committee, in which case the Board of Directors shall determine whether to remand the matter to the Ethics Committee for consideration of the President's grounds for disapproval of the sanctions or to dismiss it entirely.

(9) The Ethics Committee or the Board of Directors (as the case may be) may, in its discretion, direct that any finding made by the Ethics Committee or the Board of Directors against a Registered Member as a result of an ethics complaint be reported to members in an SME publication, or be reported to appropriate regulatory authorities or both.

(10) While ethics complaints are intended to be confidential until a final determination has been made by the Ethics Committee or the Board of Directors, if information has been disclosed about an ethics complaint against a Registered Member and that complaint is subsequently dismissed without any warning or sanction, the Registered Member may publicize that dismissal to the same extent as any disclosure of the lodging of the ethics complaint.

**10. The rights and privileges of a Registered Member shall cease immediately upon expulsion and the removal of a member's name from the Register.**

**11. The existence and contents of an ethics complaint and disciplinary proceedings before the Ethics Committee shall be kept strictly confidential by the Ethics Committee and the Board of Directors, provided, however, that the Board of Directors shall respond fully to any court order or other legal process and may, in its discretion, respond to requests for information concerning any member from any court, governmental body or agency, including stock exchanges and other similar quasi-governmental or self-regulatory organizations, including but not limited to information concerning , the status or outcome of an ethics complaint or disciplinary proceeding against any member, if and to the extent known at the time of the request for information. The Board of Directors may also, in its discretion, elect to disclose the results of any disciplinary proceeding against a Registered Member to other members.**