

HSEC Policy, Policy Guidelines and Due-Diligence Checklist

BASED ON

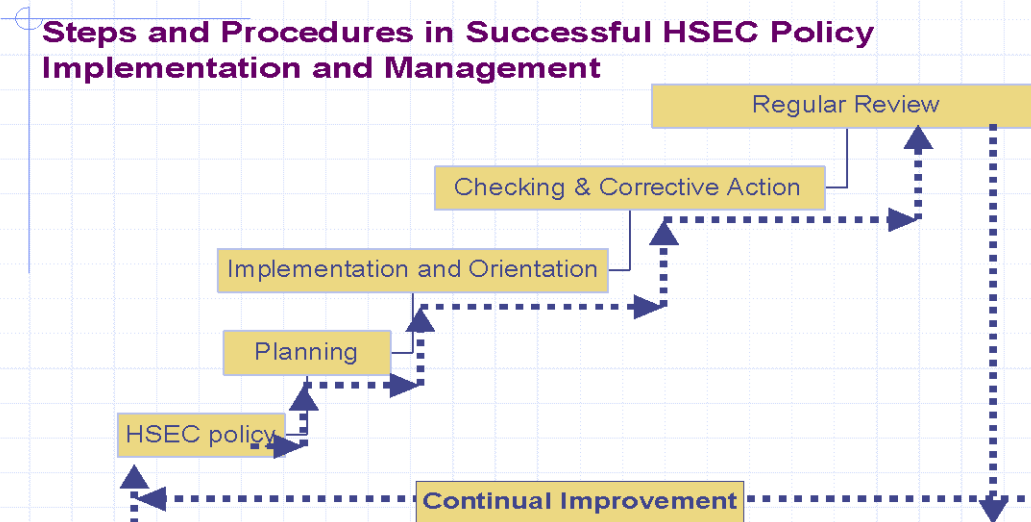
International Best Practices, OHSAS 18000, ISO 14000

To be read with any other documentation considered necessary.

Kasbah Resources Limited and its subsidiaries ("Kasbah") are committed to the implementation of a comprehensive Health, Safety, Environment and Community (HSEC) Policy, and most of all to ensure that this policy is made known to all its managers, staff, contractors, and partners, and that it is proactively implemented, reviewed, and updated.

This Policy is aimed at ensuring that Kasbah and any operating subsidiaries adhere to best practice Health, Safety, Environment and Community (HSEC) standards during all stages and all phases of exploration and development activities in Morocco. In addition KASBAH will ensure that the activities of Contractors and Associates will be assessed against the KASBAH standards.

The figure below shows the elements involved in effective health, safety, environment and community management and is based on the Occupational Health and Safety Assessment Series (OHSAS 18000) and the international management system standards on environment (ISO 14000) and quality (ISO 9000) management.



Policy Overview

KASBAH and its subsidiaries are committed to proactive and sustainable health, safety, environmental management and community best practice policies. Policy statements in each specific area are contained in this document

In respect of the above the Company will:

- Build on international best practices for exploration and mining,
- Implement environmental requirements as laid down by the Morocco authorities,
- Implement health and safety best practices,
- As a minimum comply with World Bank Group policies and guidelines,
- Establish and implement appropriate communication and consultation procedures with all stakeholders.

The Company will ensure that wherever possible and necessary it will assist in the development of sustainable local policies and procedures that will minimise the impact of exploration and mining on the natural landscape and local communities, and which will ensure a safe and healthy environment for the communities and natural resources, including wildlife, that may reside in the areas where exploration and possible subsequent mining may occur.

The above principles will also apply in respect of the approach to health and safety for all employees and those individuals, communities and companies that may become involved with or affected by the planned exploration programme, and all subsequent evaluation and mining programmes.

Appropriate community liaison, disclosure and interaction will be undertaken at all stages by KASBAH. The level of consultation and disclosure will increase with the increased scale of activities.

Environmental Policy

Introduction

The Company believes that good environmental management at every exploration stage, prospect, and mine site, proactive health and safety procedures, transparent interaction with local communities, and implementation of prudent expenditure and business performance, constitutes the foundation for successful exploration and sustainable development.

The Company will implement appropriate procedures for different stages of its surveys, ground exploration, prospecting and evaluation, and development work.

Environmental Management at the Prospecting and Evaluation Stage

The Company will ensure that environmental management plans for all stages of exploration, evaluation, and development or mining are in place at an early stage.

All Exploration, Prospecting and Evaluation work programmes will be undertaken under the strictest environmental management controls with all necessary procedures in place to ensure that immediate environmental impacts are mitigated and that appropriate recovery and rehabilitation processes are set in place.

Environmental Guidelines for Different Phases of Work

<p>Ground Follow-up and exploration</p>	<ul style="list-style-type: none"> • Environmental Impact Assessment ("EIA") appropriate to the work planned will be undertaken prior to ground based exploration • EIA's will address biodiversity, soil, ecology, vegetation and wildlife issues, air quality, water resource utilization and water quality, energy utilization and conservation, solid and liquid waste management, vehicle impacts on desert environments, handling, storage and use of hazardous materials (eg: fuels and oils), reclamation of exploration areas and community issues • Plans will be formulated in consultation with environmental and mining authorities, local communities, and other stakeholders as these plans will address impacts identified by the EIA's • The objective of this approach will be to collect baseline information, to identify and mitigate impacts during exploration, planning and feasibility work, and to leave a productive, self sustaining and hazard-free post-exploration environment • The Company will not conduct or be associated with any on-ground exploration or operations in gazetted National Parks • The company will not conduct or be associated with any on-ground exploration or operations which would result in destruction or significant degradation of a critical natural habitat as defined through application IFC PS6 (Biodiversity Performance Standard) • The company will implement a chance finds policy in conjunction with the appropriate authorities with respect to archaeological remains discovered during the course of exploration activities
<p>Field Mobilization/De-mobilization, Camp Establishment and Removal</p>	<ul style="list-style-type: none"> • Consult with all relevant authorities to establish appropriate guidelines and authorizations for ground based surveys • Show respect for cultural and ecologically sensitive sites and liaise as above • Show awareness and understanding when operating in or close to protected areas • Have respect for communities and consult with all Stakeholders beforehand • Use existing camp sites or cleared areas for establishment of camping, parking and processing of field samples • Use existing roads and access and consult with authorities or communities if it is essential to construct new access • Close-off all exits to roads and tracks that may be constructed once the project is complete • Ensure that all fuels and lubricants are stored appropriately and that liners and berms are in place to contain spillages • On completion of programs remove all items, litter and other foreign objects and substances • Rehabilitate, including the smoothing and repair of disturbed areas, and replace topsoil and plant material • The covering of fuel and oil spills with clean soil and vegetation is not an effective means of rehabilitation
<p>Exploration and Prospecting</p>	<ul style="list-style-type: none"> • Where possible minimise and or avoid damage to, cutting and removal of indigenous trees • Minimise the use and impact of vehicles • Place marker pegs in sensible positions and ensure that these can be

	<p>removed once work programmes are complete</p> <ul style="list-style-type: none"> • During soil (loam) and or stream sediment sampling minimise ground disturbance and replace top soil and plant material • Ensure that removal of soil and rock material will not lead to adverse surface water impacts and erosion • Remove all litter, tape, and plastic material
Ground-based Geophysical Surveys	<ul style="list-style-type: none"> • Implement procedures as above
Drilling Programmes	<ul style="list-style-type: none"> • Prevent adverse surface and groundwater impacts
Bulk sampling (via Open Pitting)	<ul style="list-style-type: none"> • Ensure that all Environmental Impact Assessment work is complete • Remove topsoil and plant material to one side • Minimise removal and damage of indigenous trees • Conduct extraction in a systematic fashion and ensure rehabilitation is an integral part of the mine programme • Ensure that slimes dams are secure and do not contaminate surface and groundwater • Ensure stability of pit walls • Ensure that the footprint of the operation is constrained to the minimum possible area • Fill completed sampling excavations, replace rock and other material, and cover with topsoil and plant material
Open Cast Mining	<ul style="list-style-type: none"> • Ensure stability of pit walls and water storage facilities • Minimise dust emissions, noise, vibration and visual impacts • Prevent adverse surface and ground water impacts • Minimise damage to biodiversity and reduction in land capability • Progressively rehabilitate areas disturbed by mining
Mineral Processing Facilities	<ul style="list-style-type: none"> • Prevent adverse air quality impacts and minimise dust levels • Minimise use of water and energy • Minimise spillages, waste generation and responsibly dispose of unavoidable wastes • Prevent adverse groundwater and surface water impacts
Solid Process Waste and Waste Rock	<ul style="list-style-type: none"> • Contain seepage of contaminants and pollutants • Prevent flooding and failure of tailings dams • Minimise release of dust • Minimise damage to biodiversity and avoid land alienation

Decommissioning and Closure	<ul style="list-style-type: none"> • Conserve and restore biodiversity • Prevent adverse surface and groundwater impacts • Ensure long-term stability and viability of rehabilitated surfaces • Manage socio economic issues to minimise adverse socio-economic impacts
Town, Road and Airfield Construction	<ul style="list-style-type: none"> • Consult with authorities and communities to ensure optimization of locality and infrastructure • Minimise dust emissions, nuisance and noise

Community Relations, Communication and Notification Policy

Introduction

Proactive interaction with the stakeholders that the Company's exploration and development programmes may impact on is considered an important part of the long-term investment that the Company is planning in Morocco.

The company recognizes that from the inception of the programme, and as the project progresses it will be important to:

- communicate and interact proactively with any community and role player that may be affected by its programmes,
- inform and obtain buy-in on a mutually agreed and consensus based manner with the full range of stake holders that may be impacted upon by exploration, evaluation and development.

In these respects the company will work actively and transparently with Government authorities, other elected parties, non-governmental organizations, and the communities themselves to ensure that they (the communities) are aware of the activities of the Company, and that the impact on communities is kept to a minimum.

At the point that drilling, evaluation and other such programmes are implemented the Company will endeavour to identify how the impacts of such work on communities can best be managed, and how benefits can best be provided to communities through the activities of the Company.

Stakeholder and Community Notification Protocol

This following Notification Protocols shall apply to all exploration, prospecting, bulk sampling and mining.

<p>Broad Stakeholder Consultation</p>	<ul style="list-style-type: none"> • The Company shall notify, communicate and consult with all persons, or groups of persons, external to the operations who may be expected to be affected by or concerned due activities in their areas of residence or livelihood • The Company will ensure that proactive consultation and dialog is maintained at all stages to identify and work with stakeholders to develop strategies that will address their concerns and expectations • Consideration will at all times be given to local context and cultural factors in order to facilitate understanding and informed discussion • The Company will, as appropriate, seek the assistance of independent third parties, facilitators, NGO's and other credible organizations to assist this process
<p>Communities</p>	<ul style="list-style-type: none"> • The Company will seek regular engagement about issues which may affect communities • The Company will promote strong relationships with, and enhance the capacities of, of those communities where it conducts activities for ongoing periods • Where it is possible, support for community projects will reflect the priorities of local people, sustainability and cost effectiveness
<p>Community Notification</p>	<ul style="list-style-type: none"> • The Company will commence a community notification and communication process in advance and will undertake Community Notification as outlined below: • The Notification process shall include the following information as a minimum <ul style="list-style-type: none"> a) General location with reference to specific local landmarks b) Estimated survey commencement c) Estimated survey duration d) Invitation to contact with questions or comments e) Client representative contact details.
<p>Information Dissemination</p>	<ul style="list-style-type: none"> • Unless clearly inappropriate for a given survey, Notification advertisements will be placed in local and regional newspapers • The minimum frequency shall be once per week for a minimum of 2 weeks • The advertisement shall be in the official language of the country of operation as a minimum • English and the most widely used local language will be the main languages of communication but where necessary translations into local dialects may be undertaken
<p>Government bodies</p>	<ul style="list-style-type: none"> • The Company respects the laws of Morocco whilst seeking to observe, within its operations, the universal standards of accountable and equitable human rights practices • The Company aims to be and be seen as socially responsible and an investor of choice

<p>Non-governmental Organizations</p>	<ul style="list-style-type: none"> • The Company aims for constructive relations with relevant non-governmental organizations • The input of these organizations is considered important in terms of leading to better practices and increasing our understanding of host communities
<p>Placing of Notification Documents</p>	<ul style="list-style-type: none"> • Notification advertisements will be placed in areas where community members gather. These notices shall take the same form as above and shall be posted in a visible location at least 2 weeks before survey operations are to commence
<p>Facilitators</p>	<ul style="list-style-type: none"> • Consideration will be paid to local conditions and where dictated by these local conditions (for example low literacy rates) visits to the local community will occur. The team makeup involved in these visits will include as a minimum <ul style="list-style-type: none"> a) Company representative familiar with the operation b) Translator if needed
<p>Review and Feedback</p>	<ul style="list-style-type: none"> • The effectiveness of communication, consultation and participation processes will be regularly reviewed in collaboration with stakeholders • Prior to the commencement of the operations it is possible that the Company may provide feedback to any community members that have raised issues as a consequence of the Notification process

Health and Safety Policy

Introduction

The health and safety of its employees, contractors, affected communities and any other role players that may participate and be affected by the activities of KASBAH are crucial to the long term success of the company.

Every effort will be made through training, peer pressure, regular reviews and briefings, and other procedures to ensure that best practice health and safety policies are implemented and maintained by the company including prompt and in-depth accident and incident investigation and the implementation of the conclusions thereof.

The Company's aim is at all times to achieve zero lost-time injuries (LTI's) and fatalities.

Health and Safety Guidelines

<p>Leadership and Accountability</p>	<ul style="list-style-type: none"> • All directors, managers, employees and contractors shall understand their accountability and demonstrate leadership and commitment to the HSEC Policy • The Directors and Management shall ensure compliance and regularly review HSEC performance and risks • Managers and Team Leaders are accountable for the HSEC performance of their business, and the implementation and communication of the HSEC and shall see that regular meetings are held to disseminate procedures and monitor performance • Managers and Team Leaders will ensure that all Contractors are informed of procedures and receive clear instructions in respect of HSEC • Employees and Contractors understand that they have the right and responsibility to stop or refuse to work in unsafe conditions, and shall bring these conditions to the attention of management immediately
<p>Legal Requirements, Documentation</p>	<ul style="list-style-type: none"> • All management, staff and Contractors shall ensure that they are familiar and in compliance with all regulation and guidelines (be they State, Local Government and Company) before embarking on any work programme • Directors and Management are responsible for ensuring that systems are in place whereby HSEC procedures are documented, displayed, distributed and that HSEC records are established and maintained, and are accurate, legible, and identifiable
<p>Risk Management, HSEC Risk Register</p>	<ul style="list-style-type: none"> • HSEC risks and hazards will be constantly reviewed, assessed, identified, documented, and managed • Risk management identification procedures will be carried out at each new or existing site or operation, recorded and maintained in a HSEC Risk Register • New Risks and HSEC procedures will be implemented and communicated whenever identified, with training provided for the management of all risks
<p>Awareness, Competence, and Behaviour</p>	<ul style="list-style-type: none"> • Company management and personnel, including all project and site managers shall ensure that they, their staff, Contractors and visitors are in good health and able to conduct work requirements in a competent manner • Inductions that address relevant HSEC objectives, hazards, risks, controls and behaviour will be conducted and documented for employees, contractors and visitors at the commencement of their employment or site visits • Regular re-briefings and training programs shall be held to reinforce HSEC

	<p>policy and risk management</p> <ul style="list-style-type: none"> • Cross-cultural training will be undertaken for employees and contractors who interact with peoples from different cultures
<p>Communication, Consultation and Participation</p>	<ul style="list-style-type: none"> • Effective communication and consultation shall be maintained between the Directors, management, employees, contractors and other stakeholders • Employee, contractor and stakeholder participation and feedback is encouraged, and tracking of follow-up actions shall be documented and reviewed • Open consultation and communication with government, authorities and other organizations will be maintained in order to contribute to the development of public policy, relevant legislation and educational initiatives

<p>Personal and Property Safety and Security</p>	<ul style="list-style-type: none"> • Employees and contractors will be aware and mindful of potential personal safety and security risks that may be encountered in the local environments in which they may operate, and this will also extend to the use of company facilities and property • Awareness in respect of vehicle high-jackings, theft of personal items, break-ins and other such risks is important and appropriate measures to minimise such risks should be implemented at all times
<p>Operations, Inspections and Maintenance</p>	<p>Road Travel and Transportation</p> <ul style="list-style-type: none"> • All personnel shall adhere to road travel regulations and speed limits • All employees, including management and directors, should insofar as possible avoid travelling by road at night and should at all times be particularly mindful of pedestrians and animals on roads and roadsides • All personnel vehicles shall contain an automotive type fire extinguisher approved by the HSEC Representative which must be checked regularly and refilled or replaced immediately after use • A portable fire extinguisher of an approved type and size will be conspicuously mounted on every support truck and heavy equipment • Seat belts are to be worn at all times by personnel in vehicles travelling on or off road in Company's area of operations including the Site • Cell phones will not be used whilst vehicles are in motion, cell phones must not be answered until a vehicle is stationary • All personnel should be properly enclosed in vehicles with seat belts and no personnel shall be transported on the back of open vehicles • Effective means of communication shall be present in each vehicle, especially when remote areas are visited • Emergency supplies of water and fuel shall be present in each vehicle • Each vehicle shall have a minimum of two spare wheels and an effective means of repairing punctures <p>Work and Camp Sites</p> <ul style="list-style-type: none"> • All sites shall be kept clean and tidy, and equipment and walkways to be kept free of grease, oil and other hazards • All sites shall have appropriate fire extinguishers in obvious locations • Personnel on Site must be familiar with the location and use of these extinguishers <p>Plant and Equipment</p> <ul style="list-style-type: none"> • All plant and equipment will be operated, maintained, inspected and tested within the framework of the HSEC policy and risk management procedures • All machinery, tools, and equipment used in performing work activities shall remain in good and safe operating condition and shall be operated in accordance with safe operating practices • All dangerous or moving parts (including but not limited to chains, belts, sprockets, shafts, couplings and clutches) shall be adequately covered with safety guards to prevent accident or injury • All machinery or equipment to be repaired shall be isolated before repairs are effected • All electrical generators, appliances, fittings, power leads and power tools used at sites will conform to approved specifications/standards, be tested routinely and regularly inspected by a certified electrician • Wooden handles of hand tools, such as axes, sledge hammers, shovels,

	<p>picks, rakes etc., used in connection with the Services, will be properly secured and free of splinters</p> <p>Flammable Materials and Gas Cylinders</p> <ul style="list-style-type: none"> • Flammable materials such as diesel, petrol, oils and gas cylinders will be isolated and stored in a cleared designated areas • Toxic additives shall be avoided wherever possible • Oxygen, acetylene, and propane bottles used by staff will be properly secured in an upright position at all times • Fire extinguishers must be located within safe distances from the above designated areas <p>First Aid and Emergencies</p> <ul style="list-style-type: none"> • First aid kit appropriate for the number of personnel in the area will be provided to every support vehicle • All personnel must know the location and use of these kits and one person shall be delegated the task of regularly checking and restocking the first aid kits • Emergency communication equipment shall be available at every site or operation • Managers and/or Team Leaders shall conduct regular safety inspections of all machinery, tools, and equipment and immediately report any deficiencies to Management • Managers, supervisors, and insofar as possible all staff will have completed First Aid training
<p>Contractors and Partners</p>	<ul style="list-style-type: none"> • The contracting of services, and the purchase, hire or lease of equipment and materials, as well as activities with partners, are carried out so as to minimise any adverse HSEC consequences and, where possible, to enhance community development opportunities • Systems will be set in place to ensure that the HSEC performance of Contractors, suppliers and partners, are compliant with the Company's HSEC policies, and to provide disc action and economic sanctions for material breaches • Contractors and suppliers shall at all times provide information on the hazards associated with their equipment, products and services
<p>Incident Reporting and Investigation</p>	<ul style="list-style-type: none"> • Personnel injury or lost time accidents and/or material damage or losses which cause stoppage of normal operations shall be reported, documented, investigated and analysed in a timely manner according to specified procedures • Incidents with potential for similar consequences as above shall be reported and documented in a similar manner • Corrective and preventive actions shall be taken and lessons shared
<p>Crisis and Emergency Management</p>	<ul style="list-style-type: none"> • Procedures and resources will be in place to effectively respond to crises and emergency situations • It shall be the responsibility of management and Team Leaders to ensure that all employees and contractors are fully aware of all procedures • All employees and Contractors must ensure that they are be made aware of procedures and acknowledge this

Monitoring, Audit and Review	<ul style="list-style-type: none"> • HSEC performance and systems will be monitored, audited and reviewed by management to identify trends, measure progress, assess compliance, communicate problems and drive continuous improvement
Occupational Health	<ul style="list-style-type: none"> • Employees and Contractors will be assessed for their fitness for work and protected from health hazards associated with their work • Occupational health and hygiene assessments, and ongoing medical surveillance programmes, will be conducted for all occupations, tasks, and work environments, consistent with exposure risk • Employees will have access to adequate medical and first aid services as appropriate to the location and nature of operations • Contractors will ensure that their staff are adequately protected in terms of health and medical requirements • The Company will promote an approach whereby it encourages employees and contractors to undergo assessment to ensure their fitness for work. Any information or Medical records will be kept confidential
HIV – AIDS	<ul style="list-style-type: none"> • Community health issues associated with the Company's operations are identified and managed insofar as this is possible • Voluntary HIV – AIDS testing and counselling programmes are available to all employees and Contractors and their staff will be invited to participate in this service programme (if appropriate) • The Company at all times supports and implements AID's awareness programmes
General	<ul style="list-style-type: none"> • The Company promotes and encourages a safe and healthy lifestyle amongst staff, contractors, communities and individuals which it either employs, contract or interacts with

Development Stage Environmental and Social Management Policy

Introduction

The Company recognises the benefits of proactively engaging and working with local communities for the benefit of all stakeholders. In this respect the company will communicate and consult with local communities and stakeholders with a view to fostering mutual understanding and shared benefits through the promotion and maintenance of open and constructive dialogue and working relationships.

In order to maximise the benefits arising out of any mining development the Company will ensure that all construction and mining operations carried out by it or by subsidiaries and joint ventures to which the Company is party adhere to the guidelines outlined below

Development Guidelines

- The Company will wherever possible draw on experience from and replicate positive initiatives from similar projects worldwide
- support and improve (i) local communities and (ii) promote integrated resource conservation and utilization in the region
- support regional economic development not directly tied to the project
- support project related supply chain development and linkages
- provide training programs for available jobs
- support community-based natural resource management initiatives
- support programs to address HIV/AIDS and other infectious diseases, possibly working with IFC's current HIV/AIDS "Mining Toolkit"
- support water resource development initiatives
- support institutional development and capacity building, in particular in the areas of resource conservation monitoring and management
- where ever possible develop sustainable infrastructure requirements in conjunction with the needs of the Community
- Investigate and apply the benefits gained from use of local knowledge

Signed:



Chairman

Date:

08 June 2010