



Code of Business Conduct and Ethics ("Code")



1. Introduction

Lipari Diamond Mines Ltd. and its subsidiaries (“LDM” or the “Company”) are committed to complying with all applicable requirements that relate to corporate accounting practices, accounting controls and auditing practices (“Accounting Standards”), and with this Code of Business Conduct and Ethics, which requires the observation of high standards of business practices and ethics in the conduct of the business and operations of the Company, its subsidiaries and affiliates.

All directors, officers, employees, consultants and contractors of the Company and its subsidiaries to whom this Policy applies will exercise their powers and discharge their duties and act honestly and in good faith with a view to the best interests of the Company. It is a condition of the appointment, employment or engagement of all directors, officers, employees, consultants and contractors that they always abide by the standards, requirements and procedures set out in this Policy. Any such person who violates this Policy and other LDM policies and regulations is subject to the disciplinary measures, which will be applied in accordance with local laws and the severity of the violation and may include: warning; training; suspension; dismissal or other legal measures.

This Code of Business Conduct and Ethics (“Code”) has been adopted by our Board of Directors to summarize the standards of business conduct that must guide our actions. This Code applies to all directors, officers, employees, consultants and contractors of LDM and its subsidiaries.

The Company has issued this Code to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- avoid situations that could create a conflict between your personal, family, or business interests and the interests of the Company. This includes disclosing any relevant transaction or relationship to an appropriate third parties if it could reasonably be expected to cause such a conflict.
- confidentiality of corporate information;
- protection and proper use of corporate assets and opportunities;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of any violations of this Code to an appropriate person or person identified in the Code; and
- accountability for adherence to the Code. This Code provides guidance to you on your ethical and legal responsibilities.

We expect all directors, officers, employees, consultants and contractors worldwide to comply with the Code, and the Company is committed to taking prompt and consistent action against violations of the Code.

Violation of the standards outlined in the Code may be grounds for disciplinary action up to and including termination of employment or other business relationships. Employees, officers, directors, consultants and contractors who are aware of suspected misconduct, illegal activities, fraud, or abuse of the Company's assets or violations of the standards outlined in the Code are responsible for reporting such matters. Because rapid changes in our industry and regulatory environment constantly pose new ethical and legal considerations, no set of guidelines should be considered to be the absolute last word under all circumstances.

Although laws and customs will vary in the many different countries in which we operate, our basic ethical responsibilities are global. In some instances, there may be a conflict between the laws of countries that apply to the operations of the Company. When you encounter such a conflict, you should use the Company's communication channels to contact the Chair of the Audit Committee and the Chief Internal Auditor to understand how to resolve that conflict properly.

Communication channels

By telephone, email, or through the Company's hotline link on a confidential and anonymous basis where a substantiated complaint can be reported on a confidential and anonymous basis to the Chair of the Audit Committee and the Chief Internal Auditor by:

Email Message to:

hotline@liparidiamondmines.com

Website:

Liparidiamondmines.com/hotline

2. Definitions

Subject Person means a director, officer, employee, consultant, or a contractor of the Company who is identified as a person who has potentially breached the Company's code of business conduct and ethics and has been identified as an individual who should be investigated under the procedures that are outlined in this document.

Reporting Person means a director, officer, employee, consultant or a contractor of the Company who is reporting a potential breach of the Company's code of business conduct and ethics through the communication channels outlined in this document.

Audit Committee Delegate is a Company employee or consultant that has been formally authorized by the Chairperson of the Audit Committee to investigate any claim by a Reporting Person using the Company's Communication channels.

3. Basic Obligations

Under the Company's ethical standards, directors, officers, employees, consultants and contractors share certain responsibilities. It is your responsibility to:

- become familiar with, and conduct Company business in compliance with, applicable laws, rules and regulations and this Code;
- treat all Company employees, consultants, customers and business partners in an honest and fair manner;
- avoid situations where your personal interests are, or appear to be, in conflict with the Company interests; and
- safeguard and properly use the Company's proprietary and confidential information, assets and resources, as well as those of the Company's customers and business partners.

Certain of the Company's policies are complemented by specific responsibilities set forth in other company policies. Those polices should be separately consulted by the Company directors, officers, employees, consultants and contractors and are not incorporated by reference into this Code. Please consult with the LDM website for copies of any policies that you may require.

4. Compliance with All Laws, Rules and Regulations

LDM is committed to compliance with all laws, rules, and regulations, including laws and regulations applicable to the Company's in the jurisdiction the Company has operations or in jurisdiction. Also applicable to its securities and trading in such securities, as well as any rules promulgated by any exchange on which the Company's shares may be listed.

5. Health and Safety

The Company is committed to making the work environment safe, secure and healthy for its employees, consultants and others. The Company complies with all applicable laws and regulations relating to safety and health in the workplace. We expect each of you to promote a positive working environment for all. You are expected to consult and comply with all Company rules regarding workplace conduct and safety. You should immediately report any unsafe or hazardous conditions or materials, injuries, and

accidents connected with our business and any activity that compromises Company security to your supervisor or the Chair of the Environmental, Health, Safety and Sustainability Committee. You must not work under the influence of any substances that would impair the safety of others. All threats or acts of physical violence or intimidation are prohibited.

6. Respect for Our Employees

The Company's employment decisions will be based on specific criteria related to our business, such as experience, individual skills and talents, and other business-related factors. The Company policy requires adherence to all national, provincial or other local employment laws. In addition to any other requirements of applicable laws in a particular jurisdiction, the Company policy prohibits discrimination in any aspect of employment based on gender, race, color, religion, sexual orientation, nationality, culture, ethnic origin, people with special needs, age, political affiliation, marital or family status, as provided for in applicable laws.

7. Abusive or Harassing Conduct Prohibited

The Company prohibits abusive or harassing conduct by our employees, consultants, officers and directors toward others, such as unwelcome sexual advances, comments based on gender, ethnicity, religion, race or sexual orientation, or other non-business, personal comments or conduct that make others uncomfortable in their employment with us. We encourage and expect you to report harassment or other inappropriate conduct as soon as it occurs.

8. Raising Concerns

If you should learn of a potential or suspected violation of the Code by a Subject Person, the Reporting Person has an obligation to promptly report the violation. The Reporting Person may do so orally or in writing and, if preferred, anonymously. Where it is not possible for a Reporting Person to raise the concern with his or her supervisor, or where a Reporting Person does not feel comfortable doing so, concerns regarding suspected wrongdoings by a Subject Person should be communicated (which may be done anonymously as set forth below) to the Company's communication channel:

Examples of matters that might form the basis for a report under this Policy include:

- a) questions and issues regarding the Company's compliance with Accounting Standards, including:
 - a. financial disclosure regarding the Company or any of its subsidiaries;
 - b. fraud or deliberate misstatement in the preparation, evaluation, review or audit of any financial statement of the Company;
 - c. fraud or deliberate misstatement in the recording and maintaining of financial records of the Company;
 - d. deficiencies in or non-compliance with the Company's internal policies and controls;

- e. misrepresentation or a false statement by or to a director, officer or employee of the Company or any of its subsidiaries regarding a matter contained in the financial records or audit reports; or
 - f. deviation from full and fair reporting of the Company's financial condition;
- b) questions and issues regarding non-compliance with the Code of Business Conduct and Ethics including violation of any corporate policies, including without limitation, health and safety, environmental, operational or ethical matters; or
- c) retaliation on any Reporting Person who makes a complaint pursuant to this Policy in good faith reasonably believing it to be substantially true, or who assists in good faith with any investigation or proceeding relating to a complaint made pursuant to this Policy.

Reporting channels:

The Reporting Person should use the Communication channels provided by the Company to raise their concerns regarding the Subject Person.

Communication channels

By telephone, email, or through the Company's hotline link on a confidential and anonymous basis where a substantiated complaint can be reported on a confidential and anonymous basis to the Chair of the Audit Committee and the Chief Internal Auditor by:

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Complaints regarding an alleged violation by a Subject Person should be based on fact rather than speculation and should include as much specific information as possible, including sufficient corroborating information to support the commencement of an investigation. The Company may determine not to commence an investigation if a complaint contains unspecified or broad allegations of wrongdoing without factual support.

When reporting an alleged violation, the Company prefers that the Reporting Person identify themselves to facilitate the Company's ability to take appropriate steps to address the report, including conducting any appropriate investigation. However, the Company also recognizes that a Reporting Person may feel more comfortable reporting a suspected violation anonymously. If the Reporting Person wishes to remain anonymous, he or she may do so, and the Company will use reasonable efforts to protect

the confidentiality of the reporting person, subject to applicable law, rule or regulation or to any applicable legal proceedings.

9. Policy Against Retaliation

No Reporting Person who in good faith (a) raises questions or issues regarding the Company's compliance with Accounting Standards, (b) reports a violation of the Code of Ethics, or (c) provides assistance to the Audit Committee, management of the Company or any other person or regulatory or law enforcement body regarding such a report, will not face harassment, retaliation or adverse employment consequences. Any employee who retaliates against someone who has raised a question or issue in good faith is subject to discipline up to and including termination of employment. All other stakeholders who act in good faith shall also suffer no consequences for bringing about legitimate matters to the Audit Committee for consideration.

If any individual believes that he or she has been subjected to such retaliation, that person is encouraged to report the situation as soon as possible to one of the people detailed in the "Raising Concerns" section above.

10. Treatment and Investigation of Complaints

The Audit Committee Delegate shall promptly investigate each reported incident, unless he or she determines that no reasonable basis exists for commencing an investigation. In conducting his or her investigation, the Audit Committee Delegate may enlist employees of the Company and/or outside legal, accounting or other advisors, as deemed appropriate by the Audit Committee. It is the obligation of all Subject Persons to cooperate in any investigation conducted as a result of a complaint made pursuant to this Policy. An investigation may include discussions with the complainant (unless the complaint was submitted on an anonymous basis), the party against whom allegations have been made and witnesses, as appropriate.

Concerns will be investigated as quickly as possible. The nature of the complaint may necessitate the Company to refer the matter to an external agency, which may lead to an extension of the investigation process. Further, the complexity of the complaint may increase the time it takes to investigate it.

The Company will strive to conduct all investigations pursuant to this Policy in a confidential manner. Information regarding a complaint, including the identity of the complainant, will only be disclosed to persons that specifically need to know such information, or as otherwise required or permitted by applicable laws. Where possible, the final determination/decision of an investigation will be communicated to the person who brought forth the applicable complaint.

a) Remedial Action Reporting and Retention of Complaints

At the conclusion of any review or investigation of a complaint that the Audit Committee Delegate determined was made in good faith, the Audit Committee Delegate shall report

such findings to the Audit Committee. The Audit Committee, with the input of the Company's management, if requested, will determine the validity of a complaint and whether any remedial action is appropriate. The Chair of the Audit Committee shall promptly inform the Board of such proposed remedial action in a written letter.

The Audit Committee Delegate must provide a written report to the Board on any complaints received pursuant to this Policy on a quarterly basis. The Company shall retain records of any such complaints, including documentation outlining any investigations or actions taken, for a period of no less than five (5) years.

11. Conflicts of Interest

Directors, officers, employees, consultants and contractors of the Company should not engage in any activity, practice or act which conflicts with the interests of the Company. A conflict of interest occurs when a director, officer, employee or consultant places or finds himself/herself in a position where his/her private interests' conflict with the interests of the Company or have an adverse effect on the employee's or consultant's motivation or the proper performance of their job.

Examples of such conflicts could include, but are not limited to:

- accepting outside employment with, or accepting personal payments from, any organization which does business with the Company or is a competitor of the Company;
- accepting or giving gifts of more than modest value to or from vendors or clients of the Company;
- competing with the Company for the purchase or sale of property, services or other interests or taking personal advantage of an opportunity in which the Company has an interest;
- personally, having immediate family members who have a financial interest in a firm which does business with the Company; and
- having an interest in a transaction involving the Company or a customer, business partner or supplier (not including routine investments in publicly traded companies).

Directors, officers, employees, consultants and contractors must not place themselves or remain in a position in which their private interests' conflict with the interests of the Company. If the Company determines that an employee's or consultants outside work interferes with performance or the ability to meet the requirements of the Company, as they are modified from time to time, the employee or consultant may be asked to terminate the outside employment if he or she wishes to remain employed by the Company.

To protect the interests of the employees, consultants and the Company, any such outside work or other activity that involves potential or apparent conflict of interest may be undertaken only after disclosure to the Company by the employee or consultant and review and approval by management.

12. Confidentiality Concerning Company Affairs

It is the Company's policy that business affairs of the Company are confidential and should not be discussed with anyone outside the organization except for information that has already been made available to the public. As a prerequisite and condition of employment, all employees, consultants, directors, and officers must sign a written agreement confirming this obligation.

13. Competition and Fair Dealing

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, not through unethical or illegal business practices. Information about other companies and organizations, including competitors, must be gathered using appropriate methods. Illegal practices such as trespassing, burglary, misrepresentation, wiretapping and stealing are prohibited.

Each employee, consultant, director and officer should endeavor to respect the rights of, and deal fairly with, our customers, suppliers, competitors, employees and consultants. No employee, consultant, officer or director should take unfair advantage of anyone through manipulation, concealment, abuse or privileged information, misrepresentation of material facts, or any other unfair business practice.

Transactions with non-arm's length parties must be conducted on an arm's length basis. The pricing and terms of such transactions should be consistent with what would be agreed upon in comparable transactions with unrelated parties in similar circumstances.

Non arm's length parties are individuals, entities, or organizations with a relationship that may influence the terms and conditions of a transaction due to their common ownership, control, or other close affiliations.

All Directors, officers, employees, consultants and contractors of the Company must also comply with Company Anti-Bribery and Anti-Corruption Policy available on the Company's website at www.liparidiamondmines.com.

14. Insider Trading

The Company encourages all employees and consultants to become shareholders on a long-term investment basis. However, management, employees, consultants, members of the Board of Directors and others who are in a "special relationship" with the Company from time to time, may become aware of corporate developments or plans which may affect the value of the Company's shares (inside information) before these developments or plans are made public. Blackout periods occur certain times throughout the year and during this time, all Company employees, consultants, officers and directors are prohibited from buying or selling the Company's securities on the Toronto Stock Exchange (or any other exchange upon which securities of the Company may be listed). In order to avoid civil and criminal insider trading violations, the Company has established an Insider Trading Policy. As a prerequisite and condition of employment,

all employees, consultants, directors and officers must sign an acknowledgment by which they agree to adhere to this policy.

15. Telecommunications

Telecommunications facilities of the Company such as telephone, cellular phones, facsimile, internet and email are Company property. Use of these facilities imposes certain responsibilities and obligations on all employees, consultants, officers and directors. Usage must be ethical and honest with a view to preservation of and due respect for Company's intellectual property, security systems, personal privacy, and freedom of others from intimidation, harassment, or unwanted annoyance.

16. Disclosure

The Company is committed to providing timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities laws. The goal of our Disclosure Policy is to raise awareness of the Company's approach to disclosure among the Board of Directors, officers, employees, consultants, contractors and those authorized to speak on behalf of the Company.

The Disclosure Policy extends to all employees, consultants and officers of the Company, its Board of Directors and those authorized to speak on its behalf. It covers disclosures in documents filed with the securities regulators and written statements made in the Company's annual and quarterly reports, news releases, letter to shareholders, presentations by senior management, information contained on the Company's website and other electronic communications.

It extends to oral statements made in meetings and telephone conversations with members of the investment community (which includes analysts, investors, investment dealers, brokers, investment advisers and investment managers), interviews with the media as well as speeches and conference calls. As a prerequisite and condition of employment, all employees, consultants, directors and officers must sign an acknowledgment by which they agree to adhere to this policy, which is provided to the new hire prior to his/her start date.

17. Accuracy of Company Records

Canadian public companies are required to record and publicly report all internal and external financial records in compliance with International Financial Reporting Standards (IFRS). Therefore, you are responsible for ensuring the accuracy of all books and records within your control and complying with all Company policies and internal controls. All Company information must be reported accurately, whether in internal personnel, safety, or other records or in information we release to the public or file with government agencies.

18. Financial Reporting and Disclosure Controls

Canadian public companies are required to file periodic and other reports with certain securities regulators and to make certain public communications. Upon the Company becoming a Canadian public company, and for so long as the Company remains a Canadian public company, we will be required by these securities regulators to maintain effective “disclosure controls and procedures” so that financial and non-financial information is reported timely and accurately both to our senior management and in the filings we make. You are expected, within the scope of your employment duties, to support the effectiveness of our disclosure controls and procedures.

19. Privacy

The Company, and companies and individuals authorized by the Company, collect and maintain personal information that relates to your employment, including compensation, medical and benefit information. The Company follows procedures to protect information wherever it is stored or processed, and access to your personal information is restricted. Your personal information will only be released to outside parties in accordance with the Company’s policies and applicable legal requirements. Employees, consultants, officers and directors who have access to personal information must ensure that personal information is not disclosed in violation of the Company’s policies or practices.

20. Waivers and Amendments

The Audit Committee will review and evaluate this Policy on an annual basis to determine whether the Policy is effective in providing appropriate procedures to report violations or complaints regarding Accounting Standards or the Code of Ethics. The Audit Committee will submit any recommended changes to the Board for approval.

21. No Rights Created

This Code is a statement of the fundamental principles and key policies and procedures that govern the conduct of our business. It is not intended to and does not, in any way, constitute an employment contract or an assurance of continued employment or create any rights in any employee, director, client, supplier, competitor, stockholder or any other person or entity.

LIPARI DIAMOND MINES LTD.

Kenneth W. Johnson
President & C.E.O.

