



GROWMAX RESOURCES CORP.

ANTI-BRIBERY AND CORRUPTION POLICY

APRIL 27, 2016

Objective of the Policy

This Policy enables GrowMax Resources Corp. (formerly Americas Petrogas Inc.) to achieve and monitor adequate procedures to meet the key elements of legislations governing bribery and corruption on a multi-jurisdictional basis, including Canada's *Corruption of Foreign Public Officials Act* ("CFPOA"); the *U.S. Foreign Corrupt Practices Act* ("FCPA"); and the *U.K. Bribery Act 2010* (the "UK Act") to generally foster and enforce a zero tolerance culture toward bribery and corruption in the performance of its business. This Policy is also designed to meet the reporting obligations of GRC under the Canadian *Extractive Sector Transparency Measures Act* ("ESTMA").

GRC believes that implementation of this Policy will effectively ensure compliance with relevant anti-corruption and graft legislations in multiple jurisdictions where it operates, including Section 258(b) of the *Argentinian Criminal Code* (individual criminal responsibility for bribery) and Decree No. 635 of the *Peruvian Penal Code*, which covers attempted corruption, extortion, passive and active bribery, money laundering and bribery of foreign nationals.

Purpose of the Policy

The CFPOA is the Canadian legislation implementing its obligation under the UN Convention against Corruption and the Organization for Economic Cooperation and Development ("OECD") Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. It applies to persons and companies and makes it a criminal offence for persons or companies to bribe foreign public officials to obtain or retain a business advantage. GRC recognizes that the regime of CFPOA is covered and exceeded by the UK Act and as such this Policy is fashioned to meet the requirements of the UK Act.

As of July 15, 2011 the UK Act is the United Kingdom's main bribery and corruption legislation. The UK Act established corporate liability for corrupt acts committed by persons acting for and on behalf of the company (i.e. employees, agents or subsidiaries). Liability under the UK Act may not cover corrupt acts of a company's suppliers of goods or merchandise.

The UK Act creates offences which can be committed by an individual or corporate entity, such as:

- 1) promising, providing or offering a bribe as an inducement to do something improper;
- 2) receiving or accepting a bribe as an inducement to do something improper;
- 3) offering a bribe to a foreign official for any party's business advantage; or
- 4) failing to prevent bribery if any of its employees, subsidiaries, agents or service providers (or other "associated persons") attempt to obtain or retain business or a business advantage anywhere in the world through bribery.

It is not necessary for an associated person to have been successfully prosecuted for bribery before an organization can be successfully prosecuted. Cultural differences are **not** a defence and local practice and business custom will only be considered if they are formally enshrined in that jurisdiction's law.

Facilitation Payments (payments made to expedite or secure performance of routine, non-discretionary governmental action), which are allowed to a limited extent under the FCPA, CFPOA and the *Peruvian Penal Code*, are strictly prohibited under the UK Act. All payments made in the course of GRC's business up to and in excess of \$100,000 shall be publically disclosed pursuant to section 12 of the ESTMA.

GRC wants to ensure that it has "adequate procedures" in place designed to prevent bribery, and to follow as effectively as possible the six principles set out in the UK Act, which are:

- Principle 1 - Proportionate procedures
- Principle 2 - The involvement of the organization's top-level management
- Principle 3 - Risk assessment procedures
- Principle 4 - Due diligence of existing or prospective associated persons
- Principle 5 - The communication of the organization's policies and procedures, and training in their application
- Principle 6 - The monitoring, review and evaluation of bribery prevention procedures

Anti-Bribery and Corruption

Achieving the highest possible standards for service and maintaining our reputation for lawful, ethical and honest business behaviour can only be upheld if we follow sound and fair business practices. Whoever we may deal with, and wherever we may operate, we are committed to doing so lawfully, ethically and with integrity. Therefore, GRC has a zero tolerance position in relation to bribery and corruption, wherever and in whatever form they may be encountered.

GRC's core focus is on acquiring and developing natural resources in South America. GRC has conventional interests and unconventional shale oil and gas and tight sands oil and gas interests in numerous blocks in the Neuquén Basin of Argentina. GRC also holds interests in the exploration for near-surface phosphates, potash and other minerals, and potential development of a fertilizer project in Peru. According to 2014 Transparency International Bribe Payer Index and OECD Working Group on Bribery reports, the corruption perception indices for Argentina and Peru remain high.

This Policy in conjunction with GRC's Code of Business Conduct and Ethics and Whistleblower Protection Policy (the "**Code**") is intended to clearly state GRC's policy and procedures to avoid bribery and corruption and designed to help our people comply with legislation governing bribery and corruption on a global basis.

Scope of the UK Act

The UK Act pertains to offences committed within the UK as well as abroad where the person committing the offences has a close connection with the UK by virtue of being a British national or ordinarily resident in the UK or a body incorporated in the UK. The UK Act may also be applicable to an organization or person who is neither a UK national or UK resident, nor a body incorporated or formed in the UK. The UK Act may apply to GRC because one or more of its senior officers may be resident in the UK from time to

time. GRC has determined that it will govern its business as though it is required to comply with the UK Act, whether or not the UK Act may be applicable to GRC.

What the UK Act allows

Bona fide hospitality and promotional or other business expenditures which are intended to improve the image of a commercial organization, to better present products and services, or to establish cordial relations, are allowed.

The UK Act does not intend to criminalize bona fide hospitality or other customary business development expenditures. GRC can offer corporate hospitality, such as taking clients to sporting events, picking up dinner tabs and providing for reasonable travel and accommodation. However, these expenses must be “reasonable”, and where the hospitality or promotional expenditure is in relation to a public official, extra care must be taken. Corporate hospitality cannot be used to disguise bribes. Relevant factors in assessing whether corporate hospitality is actually a covert bribe include: lavishness, connectivity of the expense to a legitimate business activity and whether or not the hospitality or expenditure was concealed. Furthermore, all such expenditures should be entirely transparent and there should be no concealment or attempt to conceal any expenditures for hospitality, travel or otherwise related to these required expenditures. Finally, it is important that these expenditures not be “facilitation payments”, which are unofficial payments made to public officials in order to secure or expedite the performance of a routine or necessary action.

What is within the scope of Anti-Bribery rules

Bribery is committed when an inducement or reward (financial or any other advantage) is provided in order to gain any commercial, contractual, regulatory or personal advantage for GRC or another party. For example, this could be when an inducement or reward is offered to bring about the improper performance by another person of a relevant function or activity or to reward such improper performance. Another example is where hospitality is offered with the intention to induce conduct that amounts to a breach of an expectation that a person will act in good faith, impartially, or in accordance with a position of trust.

Unless allowed for in the written law of the country, any person that offers, promises or gives a financial or other advantage to a foreign public official, with the intention of influencing the official in the performance of his or her official functions to obtain or retain business or an advantage in the conduct of business by doing so, is committing bribery.

Local custom and practices in Argentina, Peru or elsewhere where GRC may carry on business do not entitle GRC to offer a bribe or any other kind of facilitation payment.

GRC’s Responsibilities

GRC believes it is the responsibility of its senior management to make sure that no bribery or corruption occurs in the performance of its business. Senior management must also ensure that this policy and procedures are adhered to and a zero tolerance culture is implemented and fully embedded throughout the Corporation. In order for this to happen the Corporation’s senior management recognizes that it is vital that the Corporation has in place suitable and robust systems and controls, strategies, training and remuneration policies and staff behaviours that culminate in a culture that ensures or reduces the risks of an incident.

This Policy applies to senior management, individual employees, agents, intermediaries, consultants or any other people or bodies associated with GRC or any of its subsidiaries and employees. Individuals should also be aware of the anti-bribery laws and report their concerns to the senior management or via the Whistle Blowing procedures set out in GRC’s Code.

GRC's Anti-Bribery and Corruption Policy

GRC has considered each of the six Principles set out in the UK Act and has structured this Policy to meet them.

Principle 1: Proportionate Procedures

Procedures need to be in place to mitigate risks. The policies and procedures should deal with facilitation payments, political contributions, charitable donations and sponsorships, hospitality, gifts and expenses.

GRC's Code sets out policies with respect to facilitation payments, political contributions, hospitality, gifts and expenses, sponsorship and charitable donations and the appropriate procedures in order to deal with these risks.

GRC ensures it has proportionate procedures to the risks it identifies. The procedures are, to a certain extent, dictated by the size of the organization and the nature and complexity of its business at the time of the risk assessment. GRC is a relatively small company, however, GRC recognizes that size and complexity are not the only determinants for proportionate procedures and will therefore include the following in its procedures when appropriate:

- The involvement of the organization's top-level management (see Principle 2).
- Risk assessment procedures (see Principle 3).
- Due diligence of existing or prospective associated persons (see Principle 4).
- The restriction on gifts and charitable and political donations (see the "Code").
- Ensuring that hospitality and promotional expenditures are bona fide, accurately reported and connected with legitimate business activity (see the "Code").
- Governance of business relationships with all associated persons.
- Financial and commercial controls such as adequate bookkeeping, auditing and approval of expenditures (see the "Code").
- Transparency of transactions and disclosure of information (see the "Code").
- Decision making, such as delegation of authority procedures, separation of functions and the avoidance of conflicts of interest (see the "Code").
- Enforcement, detailing discipline processes and sanctions for breaches of GRC's Anti-Bribery Policy or the Code.
- The reporting of bribery including 'whistle blowing' procedures (see the "Code").
- The detail of the process by which GRC plans to implement its bribery prevention procedures, for example, how GRC's policy will be applied to individual projects and to different parts of the organization (see Principle 5).
- The communication of GRC's anti-bribery policies and procedures, and training in their application (see Principle 5).

- The monitoring, review and evaluation of bribery prevention procedures (see Principle 6).

Principle 2: Top Level Commitment

GRC's Chief Executive Officer is the appointed senior individual with overall responsibility for Anti-Bribery and Corruption. GRC's Corporate Governance Committee has developed this Policy and GRC's Code in order to strengthen its anti-bribery policies and procedures and foster a culture of zero tolerance. In addition, GRC is committed to educating its Board and senior management on best corporate practices in the areas of anti-bribery and anti-corruption. This may include attendance at anti-bribery seminars for members of GRC's Board and senior management.

As with all the firm's policies and procedures GRC's senior management fully endorses this Policy. In particular, senior management aims to create and support a culture where there is a commitment to carry out business fairly, honestly and openly and a commitment to zero tolerance towards bribery. In order to align with this zero tolerance approach, the board of directors as well as senior management are prepared to forego contracts rather than pay bribes and will support employees when faced with the loss of business owing to the refusal to pay bribes.

This Policy and the Code shall be subject to oversight of the Board. Senior management shall be responsible for ensuring that:

- this Policy is made clear to all employees and intermediaries;
- members of the board and senior management are seen by employees and business partners to be active in support of the programme; and
- HR policies support the programme - including recruitment, induction/orientation, training, performance appraisals, recognition, promotion and sanction procedures.

Principle 3: Risk Assessment

GRC's Board has undertaken an anti-bribery and corruption risk assessment to ensure it complies with the UK Act's requirements and as a result, has updated GRC's Code to improve its anti-corruption policies and practices, taking into account the requirements of the UK Act.

GRC is required to continually assess the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment will be periodic, informed and documented.

The risks GRC considers (where relevant) are:

Country risk: this is evidenced by perceived high levels of corruption, an absence of effectively implemented anti-bribery legislation and a failure of the foreign government, media, local business community and civil society effectively to promote transparent procurement and investment policies. GRC acknowledges that it operates in countries where there is a high risk of bribery and corruption.

Sectoral risk: some sectors are higher risk than others. Higher risk sectors include the extractive industries and the large scale infrastructure sector. GRC is active in the resource extraction business where there is a high risk of corruption. GRC's Code addresses dealings with government officials, suppliers and its co-venturers.

Transaction risk: certain types of transactions give rise to higher risks, for example, charitable or political contributions, licences and permits, and transactions relating to public procurement. GRC does not permit charitable or political contributions unless approved by the Board, and prohibits payments for any public procurement.

Business opportunity risk: such risks might arise in high value projects or with projects involving many contractors or intermediaries; or with projects which are not apparently undertaken at market prices, or which do not have a clear legitimate objective. GRC acquires certain of its interests in minerals and oil and gas assets through co-venturers. GRC will ensure that its co-venturers represent that they have acquired their interests without making any facilitation payments or paying any bribes, and that they will not make any facilitation payments or pay any bribes in the course of carrying out their business.

Business partnership risk: certain relationships may involve higher risk, for example, the use of intermediaries in transactions with foreign public officials; consortia or joint venture partners; and relationships with politically exposed persons where the proposed business relationship involves, or is linked to, a prominent public official. GRC will conduct due diligence on its co-venture partners and require contractual representation that no facilitation payments or bribes have been made by its co-venturers, and will endeavour to have its co-venturers have anti-bribery and corruption policies.

Principle 4: Due Diligence

GRC shall undertake its own due diligence prior to entering all business relationships and third party agreements and shall document this process. GRC utilizes its in-country relationships with trusted individuals with whom it has had a prior relationship to research potential business partners and suppliers.

A person performing services for GRC is considered an “associated person” under the UK Act and therefore GRC must have adequate procedures in place to prevent that person carrying out any form of bribery or corruption. GRC’s Code deals with payments to third parties.

GRC takes care in entering into certain business relationships, and considers whether the circumstances in which the relationships come into existence increase the risk that the third party has of being involved in bribery or corruption.

One of the most important relationships GRC has is with its co-venturers in the exploration for near-surface phosphates, potash and other minerals, and potential development of a fertilizer project in Peru. GRC must attempt to ensure that all payments made by co-venturers are transparent and compliant with the UK Act, and will seek representations to that effect from its co-venturers in its contracts.

GRC must make associated persons aware of GRC’s program with respect to anti-bribery and require those associated persons to behave according to GRC’s standards. GRC will attempt to have these associated persons commit contractually to observe its program.

Principle 5: Communication (and Training)

GRC’s Code and this Policy and GRC’s anti-bribery program will be reviewed, updated and circulated on an annual basis. GRC’s training will be reviewed on an annual basis and provided to relevant members of staff.

Training provides the knowledge and skills needed to employ the organization’s procedures and deal with any bribery related problems or issues that may arise. Communicating GRC’s zero tolerance to bribery and

corruption to staff and, where necessary, other associated persons also reduces the risk of bribery and corruption.

All officers, directors and key employees are to acknowledge this Policy and the Code affirming their understanding of GRC's zero tolerance regarding bribery and corruption. This Policy will be posted on GRC's website.

Principle 6: Monitoring and Review

GRC will review and, if required, update its Code and all internal policies on an annual basis.

GRC's whistleblowing procedures and policies are documented within the Code, and each employee will be required to sign indicating that he/she has read and understood the Code. GRC's employees are protected from any adverse or harmful action when they take steps to provide information or otherwise assist to enforce this Policy.

GRC will monitor and review procedures designed to prevent bribery by persons associated with it and make improvements where necessary.

Approved and Ratified by the Board: April 27, 2016.