



**RESILIENCE MINING MONGOLIA PTY LTD  
ACN 609 265 607  
("Company")**

**BOARD CHARTER  
and  
CODE OF CONDUCT**

**February 2016**

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### CODE OF CONDUCT

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## BOARD CHARTER

### 1. PURPOSE

- 1.1 This document sets out the following matters:
  - 1.1.1 the roles and responsibilities of the Board of the Company; and
  - 1.1.2 the roles and responsibilities of the Senior Management of the Company; and
  - 1.1.3 the manner of operation of the Board as a whole.
- 1.2 In the compilation of this Charter, the Company has where possible followed the recommendations of the *ASX Corporate Governance Principles and Recommendations with 2010 Amendments, 3<sup>rd</sup> edition (2014)*, modified to be appropriate for a proprietary limited company in the early stages.

### 2. DEFINITIONS

In this Charter:

**Board** means the Board of the Company;

**CEO** means the interim Chief Executive Officer;

**Chair** means the interim chair of the Board;

**Charter** means this Board Charter;

**Director** means a director of the Company;

**Secretary** means the secretary of the Company;

**Senior Management** means employees of the Company who manage the Company pursuant to the directions and delegations of the Board.

### 3. COMPOSITION OF THE BOARD

- 3.1 It is the objective of the Company to establish and maintain a Board with a broad representation of skills, experience and expertise.
- 3.2 To assist in achieving the objective stated above, the Board will at all times consist of:
  - 3.2.1 executive and non-executive directors; and
  - 3.2.2 a minimum of three directors, including at least one representative from each of Hills Equity and Steppe Investments.

- 3.3 The members of the Board will be listed in the Annual Report of the Company.
- 3.4 In accordance with the ASX Corporate Governance Principles and Recommendations, the Board considers that a director to be independent if the director is free of any interest, relationship or association that may materially influence, or may reasonably be perceived to materially influence, the director's capacity to exercise their independent judgment on issues before the Board, and to act in the best interests of the Company and its shareholders. Therefore, the Board considers a non-executive director to be an independent director if they are a director who is not a member of Senior Management of the Company and who:
- 3.4.1 is not a substantial security holder of the Company, or an officer of, or otherwise directly associated with a substantial security holder of the Company;
  - 3.4.2 is not or has not been employed in an executive capacity by the Company or a child entity of the Company within the last three years and did not become a Director within three years of being so employed;
  - 3.4.3 within the last three years, has not been a senior employee, partner or director of a provider of material professional services to the Company or a child entity of the Company;
  - 3.4.4 within the last three years, has not been in a material business relationship with the Company or any child entity of the Company or an officer of, or an associate to, someone with such a relationship;
  - 3.4.5 is not a party to a material contractual relationship with the Company or a child entity of the Company other than as a Director of the Company;
  - 3.4.6 has not served on the Board for a period of time which may materially interfere with that Director's motivation to act in the best interests of the Company;
  - 3.4.7 has no close family ties with any person who falls within any of the categories described in clauses 3.4.1 to 3.4.5 above; and
  - 3.4.8 is free from any conflict of interest which may materially interfere with that Director's motivation to act in the best interest of the Company.

At the date of this Code the following directors are considered to be independent non-executive directors:

Ross Kennedy  
Luvsan Vanjildorj

- 3.5 The Board shall review the independence of each non-executive director on an annual basis, having regard to the indicia set out in clause 3.4 above.
- 3.6 If a Director ceases, or may have ceased to be independent, the Director shall advise the Chairman of the Board immediately, and, if the Board finds that a Director is no longer independent, the Board shall immediately announce this to the market.
- 3.7 The Board shall state whether a non-executive Director is independent or not, and the reasons for such opinion, in the Company's annual report.

#### **4. APPOINTMENT**

- 4.1 Directors are appointed in accordance with the Constitution of the Company. The Board will review and assess the suitability of new Directors against fixed criteria, which include overall skills, experience and background, professional skills, potential conflicts of interest, ability to exercise independent judgment and whether such director can be considered to be independent.
- 4.2 The Board will set out the terms and conditions of the appointment of a Director in a formal letter of appointment or Director's Service Agreement.
- 4.3 New Directors of the Company will be provided with a copy of the constitution of the Company and all relevant policies of the Board.
- 4.4 New Directors will be fully briefed with respect to the strategic direction of the Company.
- 4.5 Directors will be offered regular opportunity for professional development.
- 4.6 The Company shall undertake appropriate checks before appointing a Director or putting forward to security holders a candidate for election as a Director of the Company;
- 4.7 The Company will provide security holders of the Company with all material information in the Company's possession which is relevant to a decision on whether to elect or re-elect a Director.
- 4.8 The Board will set out the terms and conditions of the appointment of a Senior Manager in an employment contract with the Senior Manager.

#### **5. RESPONSIBILITIES OF THE BOARD**

- 5.1. The Board is ultimately responsible for the overall management and corporate governance of the Company.
- 5.2. The Board has the authority to make decisions and give directions in relation to:
  - 5.2.1. the development, implementation and alteration of the strategic direction of the Company, including future expansion of the Company's business activities;

- 5.2.2. risk management, assessment and monitoring;
- 5.2.3. ensuring appropriate external reporting to shareholders, , ASIC and other stakeholders;
- 5.2.4. encouraging ethical behaviour, including compliance with the Company's governing laws and procedures and compliance with corporate governance standards; and
- 5.2.5. establishing targets and goals for the company to achieve.
- 5.3. The Board is responsible for monitoring organisational capability in the context of agreed plans and budgets, accountability and diversity.
- 5.4. The Board has responsibility for the following specific matters:
  - 5.4.1 the appointment and removal of the Chair of the Company;
  - 5.4.2 the appointment of new Directors to fill a vacancy or as additional Directors;
  - 5.4.3 the appointment, and where appropriate, the removal of the:
    - 5.4.3.1 CEO;
    - 5.4.3.2 CFO;
    - 5.4.3.3 Executive Directors;
    - 5.4.3.4 Company Secretary; and
    - 5.4.3.5 Ratifying the appointment or removal of other Senior Managementof the Company.
  - 5.4.4 oversight of all matters delegated to Senior Management (once appointed);
  - 5.4.5 reviewing the performance of the Managing Director & CEO and monitoring the performance of his or her direct reports;
  - 5.4.6 managing succession planning for the position of Managing Director & CEO and overseeing succession planning for his or her direct reports;
  - 5.4.7 approving overall Company, Director and specific senior executive remuneration and related performance standards and their evaluation;
  - 5.4.8 ensuring the Code of Conduct, and Board approved policies are operative and being complied with;

- 5.4.9 regular review of and powers to amend the Code of Conduct, and Board approved policies to ensure the policies meet the standards of corporate governance the Board is committed to;
  - 5.4.10 review and oversight of compliance with any licensing terms and conditions, financial reporting obligations, including periodic and continuous disclosure, legal compliance and related corporate governance matters;
  - 5.4.11 approving and monitoring project acquisition and divestment decisions, exploration expenditures, major capital expenditure, capital management, acquisitions and divestitures and material contracts;
  - 5.4.12 approving and monitoring major Company financing matters including incurring material debt obligations; and
  - 5.4.13 monitoring and reviewing the financial performance of the Company;
  - 5.4.14 monitoring and reviewing the operational performance of the Company including the viability of prospective operations; and
  - 5.4.15 proposing and recommending to shareholders any changes in the capital structure of the Company.
- 5.5 The Board may, in its absolute discretion, and without abrogating its responsibilities delegate other matters from time to time.

## 6. ALLOCATION OF RESPONSIBILITIES

- 6.1 The **Chair** of the Company has the following responsibilities:
- 6.1.1 the organisation and efficient conduct of the business of the Board at Board meetings and on all other occasions;
  - 6.1.2 ensuring all Directors are adequately informed about Board matters in a timely fashion to facilitate rigorous, effective and accurate decision making in all business of the Board;
  - 6.1.3 reviewing the agenda for meetings of the Board recommended by the CEO, guiding the meetings to facilitate open discussion and managing the conduct of, and frequency and length of such meetings, in order to provide the Board with an opportunity to arrive at a detailed understanding of the Company's performance, financial position, operations and challenges;
  - 6.1.4 liaising with the Secretary concerning matters of corporate governance and conveying all information to the Board;
  - 6.1.5 encouraging engagement and compliance by Board members with their duties as Directors.

- 6.1.6 ensuring that each Director is empowered to fully participate in meetings and is properly informed of Director performance expectations.
- 6.1.7 Engaging with major shareholders of the Company to ensure that their views are known to the Board.
- 6.2 The **CEO** of the Company has the following responsibilities:
  - 6.2.1 recommend to the Board for review and approval the Company strategy and strategic framework;
  - 6.2.2 recommend to the Board for review and approval a business plan and annual budget for the first year of the plan including the setting of key objectives and deliverables consistent with the agreed strategy;
  - 6.2.3 recruit and develop appropriately skilled senior management to execute the plans of the Company when required;
  - 6.2.4 manage the Company in accordance with the directions and delegations of the Board;
  - 6.2.5 report to the Board in a timely fashion all matters concerning the operations of the Company and the Company's employees;
  - 6.2.6 coordinate the roles and responsibilities of the management and employees of the Company to achieve the goals set by the Board;
  - 6.2.7 carry out the day-to-day management of the Company;
  - 6.2.8 in consultation with the Company's management and employees, establish and implement management policies and procedures to:
    - 6.2.8.1 achieve the financial and operational goals set by the Board;
    - 6.2.8.2 build and maintain employee satisfaction and well-being;
    - 6.2.8.3 build and maintain a staff identity and allegiance to the Company;
    - 6.2.8.4 comply with the company Code of Conduct; and
    - 6.2.8.5 ensure a safe workplace for all employees.
- 6.3 The **Company Secretary** has the following responsibilities:
  - 6.3.1 The adoption and implementation of corporate governance practices;
  - 6.3.2 Coordination of the Board and any Committees;
  - 6.3.3 Monitoring of the policies and procedures of the Board;



- 6.3.4 Advising the Board, through the Chairman, of the corporate governance policies of the Company;
- 6.3.5 Ensuring that each director has access to the Company Secretary as required;
- 6.3.6 The accurate reporting of the Business of the Board including the timely despatch of Board agendas and briefing papers and the accurate recording and timely despatch of the minutes of the Board;
- 6.3.7 Ensuring compliance with the Corporations Act and Corporations Regulations where applicable to the Board and the Company; and
- 6.3.8 Ensuring key shareholders are kept informed of company developments on a timely basis.

## **7. BOARD MEETINGS**

- 7.1 A minimum of three appointed Directors including at least one representative from each of Hills Equity and Steppe Investments must be present at a meeting to constitute a quorum.
- 7.2 The Board will meet no fewer than six (6) times each financial year and may meet as often as required to fulfil their duties.
- 7.3 Board papers are to be provided to all proposed attendees of Board meetings no fewer than three days before the date of each Board meeting.
- 7.4 Minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chair and circulated to Directors after each meeting prior to the following meeting.
- 7.5 Minutes of meetings must be confirmed at the next Board meeting.
- 7.6 Each Director has an obligation at Board meetings and concerning the Company generally, to reach decisions which he or she believes to be in the best interests of the Company, free of any actual or possible personal or other business related conflict of interest.
- 7.7 At the commencement of each meeting, each Board member must disclose any actual or potential conflicts of interest. Ongoing conflicts of interest need not be disclosed at each meeting once acknowledged.
- 7.8 Where members are deemed to have a real or perceived conflict of interest, they will be excused from discussion on the issue where a conflict may, or actually exists.

## **8. BOARD COMMITTEES AND CORPORATE GOVERNANCE**

8.1 The Board has adopted the following policy document in the interest of corporate governance and to guide and assist the Company in the pursuit of its values and the achievement of its goals:

### **8.1.1 Code of Conduct**

8.2 The Board will review the policies and any Committee structure annually to ensure that considering the size of the Company and composition of the Board, the Board Committees are the most cost-effective and beneficial corporate structure for the Company which reflect the values of the Company and guide the conduct of the Board consistently with those goals.

8.3 The Board may also establish ad-hoc special purpose committees for time to time, with terms of reference approved by the Board.

## **9. PERFORMANCE EVALUATION**

9.1 After the completion of Phase 2 of the Capital Raising, the Board shall develop and disclose a process for periodically evaluating the performance of the Board.

9.2 The Board shall approve non-executive director remuneration, Senior Executive and Managing Director remuneration and any incentive or employee equity plans.

## **10. CORPORATE GOVERNANCE**

10.1 The Board shall encourage ethical behaviour and compliance with the Company's policies and procedures, including the Code of Conduct.

10.2 The Board shall periodically review the Company's compliance with corporate governance standards.

## **11. DIRECTOR'S CODE OF CONDUCT**

11.1 A Director's code of Conduct has been developed for the Directors of the Company.

11.2 In undertaking the responsibilities described in this Charter, the Board shall endeavour to create further value for shareholders, and in accordance with the obligations imposed upon it by law and with the Company's Constitution.

## **12. DIRECTOR INDUCTION**

12.1 New Directors will undergo an induction process in which they will be given a briefing on the Company. This will include meeting with key Executives, an induction package and presentations. Information conveyed to the new Director will include:

- details of the roles and responsibilities of a Director with an outline of the qualities required to be a successful Director;

- formal policies on Director appointment as well as conduct and contribution expectations;
- details of key relevant legal requirements including:
  - Corporations Act;
  - Tax Office requirements; and
  - other major statutory bodies;
- a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget;
- a copy of the Constitution of the Company; and
- Directors' Deed of Indemnity and Right of Access to Documents.

### **13. INDEPENDENT ADVICE**

- 13.1 Any Director is entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of his or her responsibilities, provided the Director first provides the Chair with details of
- the nature of and reasons for the professional advice sought,
  - the likely cost of seeking such independent professional advice, and
  - the details of the independent adviser he or she proposes to instruct;
- 13.2 The Chair must approve of the independent adviser nominated by the Director;
- 13.3 The Chair may prescribe a reasonable limit on the amount that the Company shall contribute towards the cost of obtaining the advice;
- 13.4 All documentation containing or seeking independent professional advice must clearly state that the advice is sought in relation to the Company and/or the Director in his or her capacity as a Director of the Company;
- 13.5 The Chair shall decide if any advice received by an individual Director will be circulated to the remainder of the Board.

### **14. CHARTER REVIEW**

- 14.1 Any changes to the Charter require approval of the Board. The Board will review the effectiveness of the Charter at least once in every two years.

## CODE OF CONDUCT

*The Company is committed to the highest standards of honesty and ethical practices in all aspects of the Company's operations.*

### MINIMUM STANDARDS

This Code of Conduct may be amended from time to time but will always comply with the following minimum standards.

1. The Company will regularly review its practices and procedures to ensure that its legal obligations are being met.
2. The Company must publish this Code as amended on the Company's web page.
3. All employees of the Company and particularly Senior Management and Directors must act honestly at all times in the exercise of their duties as an employee.
4. All employees of the Company and particularly Senior Management and Directors will act to the best of their ability given their skills and experience.

**The Board and Senior Management endorse this Code. A condition of employment for any employee of the Company is agreeing to be bound by this Code**

### 1. PURPOSE

- 1.1 This document sets out:
  - 1.1.1 the standards of ethical behaviour and good corporate governance that are required to be achieved by the Board, Senior Management and employees; and
  - 1.1.2 how the Company will engender good corporate governance practices and encourage observance of the standards of behaviour and good corporate governance set out herein.
- 1.2 In the compilation of this Code, the Company has where possible followed the recommendations of the *ASX Corporate Governance Principles and Recommendations with 2010 Amendments, 3<sup>rd</sup> edition (2014)*.
- 1.3 This document is not a legal document but sets out the aspirations and values of the Company to be adhered to.

## 2. DEFINITIONS

2.1 In this Charter:

**Board** means the Board of the Company;

**Code** means this Code of Conduct as amended from time to time;

**Related Entity** has the same meaning as provided under section 9 of the *Corporations Act 2001* (Cth).

**Senior Management** means employees of the Company who manage the Company pursuant to the directions and delegations of the Board.

## 3. STANDARDS

### Integrity, Honesty and Fairness

3.1 The Directors, Senior Management and every employee of the Company is expected to:

3.1.1 deal fairly with customers, suppliers and the community;

3.1.2 understand and comply with legal requirements and the policies of the Company in each jurisdiction where the company operates and in particular the requirements placed on the Directors under Chapter 2D, Part 2D.1 of the *Corporations Act 2001* (Cth);

3.1.3 avoid actual or potential conflicts of interest and declare any actual or potential conflicts that arise. Those conflicts include but are not limited to financial conflicts of interest;

3.1.4 take reasonable steps to avoid or manage any actual conflict or potential conflict that does arise;

3.1.5 report any complaint or instance of dissatisfaction with the Company, its Senior Management or employees to the Board;

3.1.6 never accept or offer any bribes or rebates or any other form of inducement or enticement ;

3.1.7 decline to accept any gift which may affect their motivation to act in the best interest of the Company;

3.1.8 trade only in shares of the Company in strict accordance with the Company's share trading policy;

3.1.9 maintain confidentiality with respect to all dealings of the Company and maintain the confidences of all persons the Company has dealings with; and

- 3.1.10 maintain individual's privacy and not use any personal information provided to the Company for any purpose other than for that which it was provided to the Company.

### **Good Corporate Citizenship**

- 3.2 The Company recognises that it operates in an environment which impacts on various interests in the community. In pursuing corporate responsibility, the Company will:
  - 3.2.1 always consider the environmental, sociological and economic impacts of our operations;
  - 3.2.2 implement appropriate health and safety and environmental policies which balance the interests of our stakeholders and the communities in which we operate but always place the health and safety of our employees and others first; and
  - 3.2.3 observe the letter and spirit of relevant laws and regulations.

### **Workplace Fairness**

- 3.3 The Company values its employees. The objective of the Company is to create a diverse and equitable workplace where employees feel encouraged to perform and are free from discrimination on the basis of age, gender, race, religion, sexual orientation or marital status.
- 3.4 In pursuit of this objective, the Company will:
  - 3.4.1 not tolerate any act of harassment or discrimination;
  - 3.4.2 encourage the reporting of any act of harassment and deal swiftly and appropriately with those in breach of the standards to minimise harm, protecting the reporting employee if appropriate; and
  - 3.4.3 openly apply policies of performance management, recognise achievement consistent with the policies and communicate to employees areas in which they could improve.

### **Trading Activities**

- 3.5 The Company values fair competition and trade practices and will seek to comply with the letter and spirit of all Commonwealth and State or Territory trade practices laws or international laws where the company operates where applicable. In pursuing this objective the Company expects that:
  - 3.5.1 its employees and particularly Senior Management will exercise the highest level of honesty and integrity in all dealings with suppliers, customers and consumers in relation to marketing and selling activities, use of market power, description of goods, our

relationships with suppliers and the quality and safety of our products;  
and

- 3.5.2 its employees and particularly Senior Management, will never say or do anything that is likely to mislead or deceive anyone dealing with the Company.

#### **4. ASSISTANCE**

- 4.1 The Company treats breaches of this Code very seriously.
- 4.2 If you have any concerns or queries about conduct which may have breached this Code, it should be reported to a member of Senior Management. Employees making a report in good faith will be treated fairly and confidentially if appropriate. The report will be handled appropriately as the circumstances dictate so as to minimise harm to all parties.
- 4.3 Please contact the Company if you have any query or concern which has not been addressed in this Code or any other policy of the Company.