

Approved by the Board of Directors'

Resolution dated 26/12/2013

# Corporate Governance Code

Ferro-Alloy Resources Limited

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Ferro-Alloy Resources Limited (“FAR”) adhere to high standards of corporate governance.

The Board of Directors of FAR is responsible for the overall corporate governance of the consolidated Group, guiding and monitoring the business and affairs of FAR on behalf of the shareholders by whom they are elected and to whom they are accountable.

## **BOARD OF DIRECTORS**

### **Role of the Board**

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- To set the strategic direction for the Company and monitor progress of those strategies;
- Establish policies appropriate for the Company;
- Monitor the performance of the Company, the Board and management;
- Approve the business plan and work programmes and budgets;
- Authorise and monitor investment and strategic commitments;
- Review and ratify systems for health, safety and environmental management; risk and internal control; codes of conduct and regulatory compliance;
- Report to shareholders, including but not limited to, the Financial Statements of the Company; and
- Take responsibility for corporate governance.

### **Composition of the Board**

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations.

The names of Directors of the Company in office at the date of this statement are set out in the Directors’ Report. Information regarding Directors’ experience and responsibilities will be included in the Directors’ Report section of the Annual Report.

The number of Directors is specified in the Articles of Association of the Company is a minimum of one up to a maximum of seven. Having regard to the Company’s stage of development, the directors believe that the size of the current board comprising four directors, two of whom are executive and two are non-executive, is appropriate. The directors intend that there will always be at least as many non-executive directors as there are executive directors.

### **Independent Directors**

The Board considers that a Director is independent if that Director complies with the following criteria:

- Apart from Director's fees and shareholding, independent Directors should not have any business dealings which could materially affect their independent judgment;
- Must not have been in an Executive capacity in the Company in the last 3 years;
- Must not have been in an advisory capacity to the Company in the last 3 years;
- Must not be a significant customer or supplier for the Company;
- Must not owe allegiance to a particular group of shareholders which gives rise to a potential conflict of interest;
- Must not hold conflicting cross Directorships; and
- Must not be a substantial shareholder or a nominee of a substantial shareholder holding more than 10% of the shares of the Company

### **Independent Professional Advice**

Each Director has the right to seek independent professional advice at the Company's expense after consultation with the Chairman or board of directors. Once received, the advice is to be made immediately available to all board members.

### **Insurance**

Directors and officers insurance for Directors will be arranged by the Company at Company expense.

### **Share Ownership**

Directors are encouraged to own Company shares and all current directors do so.

### **Board Meetings**

The following points identify the frequency of Board Meetings and the extent of reporting from management at the meetings:

- A minimum of four meetings are to be held per year;
- Other meetings will be held as required, meetings can be held by telephone link; and
- Information provided to the Board includes all material information on: operations, budgets, cash flows, funding requirements, shareholder movements, broker activity in the Company's securities, assets and liabilities, disposals, financial accounts, external audits, internal controls, risk assessment, new venture proposals, and health, safety and environmental reports.

### **Board Committees**

The Company does not have any audit, remuneration or nomination committees. The Board is of the opinion that due to the nature and size of the Company, the functions performed by such committees can be adequately handled by the full Board.

All the directors will be invited to attend an annual meeting with the external auditors, to receive any advice letters from the auditors and to fix the auditors' remuneration.

Remuneration levels for Directors and Senior Executives of the Company are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives. The remuneration of the executive directors is approved by the independent directors acting alone.

The process of selection of new directors and officers will be supervised by the whole board.

### **Risk Management**

The risks involved in the mining and processing industry and the specific uncertainties for the Company continue to be regularly monitored by the full Board of the Company. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal.

It is the responsibility of the Board to assess the adequacy of the Company's internal control systems and ensure that its financial affairs comply with applicable laws and regulations and professional practices.

### **PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING**

#### **Code of Conduct**

The goal of establishing the Company as a significant mining and processing Company is underpinned by its core values of honesty, integrity, common sense and respect for people. The Company desires to remain a good corporate citizen and appropriately balance, protect and preserve all stakeholders' interests.

### **SHAREHOLDER COMMUNICATION**

The Board aims to ensure that shareholders and investors have equal access to the Company's information.

The Company aims to promote effective communication with shareholders and encourage effective participation at general meetings through a policy of open disclosure to shareholders, regulatory authorities and the broader community of all material information with respect to the Company's affairs.

The following information is communicated to shareholders:

- The Annual Report and notices of meetings of shareholders;
- Interim financial statements;
- All documents that are released to the Kazakhstan Stock Exchange
- All other information on the Company's website is updated on an ongoing basis.