

# **XS Resources Limited**

ACN 624 766 114

## **Code of Conduct**

April 2018

## 1. Introduction

- 1.1 This Code outlines how XS expects its Personnel to behave and conduct business.
- 1.2 XS is committed to the highest level of integrity and ethical standards in all business practices. Personnel must conduct themselves with integrity and objectivity, striving at all times to enhance the reputation and performance of XS, and in a manner consistent with current community and corporate standards, and in compliance with all legislation.
- 1.3 The objective of this Code is to:
  - (a) provide a benchmark for professional behaviour throughout XS;
  - (b) support XS's business reputation and corporate image in the community; and
  - (c) make personnel aware of the consequences if they breach this Code.
- 1.4 This Code complements XS's corporate policies and procedures which apply to all XS Personnel and operations. If there is any inconsistency between this Code and another XS policy, then the policy overrides this Code.
- 1.5 This Code applies to all XS Personnel.

## 2. Explanation of Terms

- 2.1 In this Policy:

**ASX** means Australian Securities Exchange;

**Board** means the board of directors of XS;

**Code Secretary** means this Code of Conduct;

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

**Director** means a director of XS;

**XS** means XS Resources Limited;

**Group** means XS and its controlled entities;

**MD** means XS's or Chief Executive Officer (or equivalent);

**Personnel** means XS's directors, executive, employees and contractors; and

**Executive** means the employees of the XS who manage XS pursuant to the directions and delegations of the Board.

### **3. Statements of Commitment**

#### **3.1 Commitment to Employees**

- (a) Employees are the most important resource of the Group. The collective skills, energy and commitment of the Employees is the key driver of the Group's business activities;
- (b) the Group is committed to providing a workplace that respects the rights of all Employees;
- (c) the Group will endeavour to maintain a workplace that is healthy and safe, fair and honest and free of harassment, hostility and offensive behaviour;
- (d) the Group will endeavour to keep Employees informed on the Group's activities; and
- (e) the views of Employees will be respected and participation will be encouraged.

#### **3.2 Commitment to shareholders**

- (a) XS seeks to keep its shareholders and prospective investors fully informed by communicating financial results and activities on a regular basis;
- (b) the Group will protect its property and assets and safeguard them from loss, theft and unauthorised use;
- (c) the Group will maintain records which are accurate in their representation of business events and the records will be used appropriately and stored securely; and
- (d) the Group will restrict the use of information to be used to benefit Employees or anyone who interacts with Employees, either financially or otherwise.

#### **3.3 Commitments to governments**

- (a) the Group will endeavour to comply with all applicable laws and regulations in any country in which it conducts its business; and
- (b) the Group will respect all regulations and expectations of bodies such as the Australian Taxation Office and state and territory taxation authorities, ASIC, ASX, ACCC and similar bodies.

#### **3.4 Commitment to communities**

- (a) the Group will endeavour to minimise the impact of its operations on surrounding communities;
- (b) the Group will encourage Employees to support industry and community safety, health and environment initiatives that pertain to its business; and
- (c) the Group will respect the environment and comply with the relevant environmental laws in the countries in which it operates.

## **4. The Code**

### **4.1 Compliance with and Respect for the Law**

XS and its Personnel must respect the law and act accordingly by observing and respecting the relevant laws, customs and business methods in the environment in which XS operates.

If XS Personnel have concerns or queries about specific legal issues connected with the Group then they should, where appropriate, discuss those issues with the Company Secretary of XS in the first instance. Where necessary, legal advice should be sought before any decision is made in relation to the issue.

### **4.2 Fair Dealing**

XS aims to maintain the highest standard of ethical behaviour in business dealings and to behave with integrity in all its dealings with Employees, shareholders, government, suppliers and the community.

XS Personnel are expected to perform their duties in a professional manner and act with utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. This should involve as a minimum:

- (a) acting within applicable laws, particularly those that deal with matters covered by this Code, including equal opportunity and anti-discrimination laws;
- (b) acting with courtesy;
- (c) acting with fairness and respect;
- (d) encouraging cooperation;
- (e) fostering an environment where rational debate is encouraged, with a view to achieving shared goals;
- (f) avoiding behaviour that might reasonably be perceived as bullying or intimidation; and
- (g) understanding and responding to the needs of the Group's broader stakeholders including the community at large.

### **4.3 Equal Opportunity and Anti-Discrimination**

XS will not permit discrimination, intimidation or harassment of or by XS Personnel on the basis of race, gender, marital status, national origin or religious beliefs or on basis of any other personal characteristics protected by law;

Discrimination is not permitted at any level of the Group or in any part of the employment relationship. This includes areas such as recruitment, promotion, training opportunities, salary, benefits and termination;

XS will treat all Employees according to their skills, qualifications, competencies and potential.

XS will promptly investigate all allegations of harassment, bullying, victimisation or dissemination and will take appropriate corrective action. All harassment complains will be treated seriously, sympathetically, quickly and privately. Retaliation against individuals for raising claims of harassment or discrimination will not be tolerated.

#### **4.4 Occupational Health & Safety**

XS is committed to maintaining a healthy and safe working environment for its Personnel;

It is the responsibility of all XS Personnel to act in accordance with applicable occupational health and safety legislation, regulations and policies and to use security and safety equipment provided; and

the Group will take into account the impact of health and safety issues when making business decisions and must ensure that business decisions do not compromise the commitment to avoiding injury to people.

#### **4.5 Disclosure of XS Information**

XS has a formal Continuous Disclosure Policy to keep the market fully informed of information which may have a material effect on the price or value of its securities and to correct any material mis-statement or mis-information in the market.

XS requires its Personnel to bring to the attention of the Company Secretary any information in their possession that may have a material effect on the price or value of XS's securities and to maintain the confidentiality of that information.

XS requires its Personnel to protect confidential information and to not disclose such information other than pursuant to the Continuous Disclosure Policy.

#### **4.6 Public and Media Comment**

Individuals have a right to give their opinions on political and social issues in their private capacity as members of the community.

XS Personnel should refrain from such opinions wherein they are likely to cause embarrassment or loss of reputation for themselves or for XS.

XS Personnel must not make official comment matters relating to XS unless they are authorised to do so, required to in a court of law, or otherwise required under the law.

#### **4.6 Securities Trading and Inside Information**

XS has a formal Securities Trading policy that may place additional restrictions on certain personnel over and above the basic legal requirements discussed below;

- (a) laws against insider trading make it illegal to deal in securities of a company while in possession of material information about the Group which has not become public;
- (b) if Personnel come into possession of information concerning the Group that is not generally available and which a reasonable person would expect to have a material effect on the price of XS's securities, it is unlawful for them to buy, sell or otherwise deal in XS's securities. It is also unlawful in those circumstances to encourage someone else to deal in XS's securities or to pass the information to someone who may use the information to buy or sell XS's securities;
- (c) a person does not need to be an employee of XS to be guilty of insider trading. The prohibition extend to dealings by employees through nominees, agents or associates, such as family members, family trusts and family companies; and
- (d) it does not matter how or where the person obtains the information. It does not have to be obtained from the Group to constitute inside information. There are very serious penalties, including imprisonment, for violation of these laws.

#### **4.7 Conflict of interest**

All business transactions must be conducted solely in the best interest of XS;

XS Personnel must avoid situations where their personal interest could conflict with the interest of the Group.

A conflict of interest exists where loyalties are divided. A person can have a potential conflict of interest if, in the course of their employment or engagement with the Group, any decision they make could provide for an improper gain or benefit to themselves or an associate. A conflict of interest maybe defined as an issue that may occur when personal interests, the interests of an associate or relative or a duty or obligation to some other person or entity, conflict with a person's duty or responsibility to the Group; and

XS Personnel must notify MD or Company Secretary of XS if the individual suspects that there is a conflict of interest or a potential conflict of interest.

#### **4.8 Corrupt Conduct**

Corrupt conduct involves the dishonest or partial use of power or position which results in one person/group being advantaged over another. Corruption can take many forms including, but not limited to:

- (a) official misconduct;
- (b) bribery and blackmail;
- (c) unauthorised use of confidential information;
- (d) fraud; and
- (e) theft.

Corrupt conduct will not be tolerated within XS. Disciplinary action up to and including dismissal will be taken in the event of any Personnel participating in corrupt conduct. In addition, XS will report any instances of corrupt conduct to appropriate governmental authorities, possibly resulting in criminal prosecution.

#### **4.9 Gifts, Prizes and Entertainment**

Giving and receiving gifts or hospitality are part of normal business practice. There can, however, be sensitivities associated with this giving or receiving, such as when the size of the offering is beyond being acceptable.

Gifts, prizes and entertainment must be free of any suggestions of bribery or secret commission and must not compromise the Group or its business associates;

Gifts, prizes or entertainment should not be accepted or received if there any possibility that they might:

- (a) indicate any bias or prejudice towards a person or company;
- (b) compromise judgement; or
- (c) possibly represent a conflict of interest.

XS Personnel are prohibited in soliciting benefits such as gifts, prizes and hospitality.

The difference between appropriate and inappropriate gifts is not always easy to determine. The following questions may help in assessing the motivation of the giver and the receiver and whether offering or acceptance is appropriate:

- (a) Does the gift transgress any law or regulation?
- (b) Why is the gift being offered or why am I offering it?
- (c) Could the recipient feel pressure to reciprocate or grant favours as a result of the gift?
- (d) Could acceptance/offering adversely affect the way the person performs?

XS's Personnel are to exercise reasonable judgement and discretion in accepting any gratuity or gift offered in connection with employment with the Group.

#### **4.10 Improper Use or Theft of Property or Assets**

XS Personnel have a responsibility to protect Group property and assets that are under their control and must be safeguarded from loss, theft and unauthorised use.

The Group property and assets include cash, securities, business plans, third-party information, intellectual property (computer programs, software, models and other items) confidential information, office equipment and supplies.

The Group assets may not be used for personal purposes without prior approval. The Group property and documents should not be removed from official premises without a good and proper reason. If removed, they must be stored in a secure manner and the appropriate manager must be informed.

XS Personnel leaving the Group must return all Group property in their possession.

XS Personnel are encouraged to use common sense and observe standards of good taste regarding content and language when creating documents that may be retained by the Group or a third party.

XS Personnel should not use the Group's electronic communications systems to access or post material that is pornographic, obscene, sexually related and profane or which is otherwise offensive or violates the Group policies or any laws or regulations.

XS Personnel use of the Group's electronic communication systems for non-business purposes must be occasional, not interfere with the individual's professional responsibilities, not diminish productivity and not violate this Code or any XS policy.

Any messages transmitted by email are treated as business messages and constitute property of the Group.

All Group books, records and accounts must accurately reflect the precise nature of transactions recorded. XS Personnel must comply with prescribed accounting and business procedures and controls at all times.

#### **4.11 Confidential/Private Information**

Unless previously published, the Group's records, reports, processes, plans and methods are proprietary and confidential. XS Personnel should not reveal information concerning such matters without proper authorisation.

The Group's records include personal information. Personal information is information or an opinion about an individual whose identity is apparent or can be ascertained from the information or opinion. During the course of its activities, the Group may collect, hold or use personal information about suppliers of goods and services, customers, contractors and prospective and current employees.

Any personal information should be managed in a professional and ethical manner and is not to be used for any other purpose or disclose outside the Group without permission of the individual concerned, unless authorised by law.

#### **4.12 Outside Employment**

XS Personnel may not receive payment for services from any competitor, customer, supplier or anyone associated with the Group without approval from the MD of XS.

Any outside activity must be identified as completely separate from the Group, undertaken outside work hours and not in any way impinge on the employee's work commitments. It must not pre-represent an actual or potential conflict of interest or the perception of conflicting interests.

### **5. Compliance with the Code**

- 5.1 This Code is a public document and as a result, adherence to the code is fundamental to the Group's reputation in the business community.
- 5.2 The Board of XS has endorsed this Code of Conduct.
- 5.3 XS Personnel who are aware of any breaches of this Code must report the matter to the MD or Company Secretary of XS.
- 5.4 Strict compliance with this Code of Conduct is a condition of employment. Breaches of the Code of Conduct shall be subject to disciplinary action which may include termination of employment.

### **6. More Information**

- 6.1 XS Personnel who have queries about this Code should contact the Company Secretary.

### **7. Consequences of a Breach of this Code**

- 7.1 Non-compliance by XS of this Code may result in:
  - (a) criminal and civil liabilities under the Corporations Act;
  - (b) infringement notices for alleged contraventions issued to XS;
  - (c) a claim by a third party for compensation; and
  - (d) negative publicity for XS and damage to its reputation in the market.
- 7.2 XS's Personnel who are involved in the contravention by XS may also face criminal and civil liability.
- 7.3 A breach of this Code may lead to disciplinary action, which may include termination of employment or engagement.

### **8. Policy Review**

- 8.1 This Code is to be reviewed by the Board on a periodic basis.