



U & D COAL LIMITED

A.C.N. 165 894 806

DIRECTORS' CODE OF CONDUCT

As at 31 March 2014



DIRECTORS' CODE OF CONDUCT

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1. Introduction

This is the directors' code of conduct (**Code**) for U & D Coal Limited (**Company**). The Code sets out best practice principles that directors should take into account whilst conducting their duties, in addition to the corporate code of conduct.

2. Directors' code of conduct

- A director must act honestly, in good faith and in the best interests of the Company as a whole.
- A director has a duty to perform the functions of office and exercise the powers attached to that office with a degree of care and diligence that a reasonable person would exercise if they were a director in the same circumstances.
- A director should consider matters before the Board having regard to:
 - any possible material personal interest he or she may have in the subject matter; and
 - the amount of information appropriate to properly consider the subject matter; and
 - what is in the best interests of the Company.
- A director must recognise that, in acting as a director of the Company his or her dominant purpose or object must be to serve the interests of the members of the Company as a whole, not the interests of any particular group of directors or stakeholders or the director's personal or commercial interests. In circumstances of insolvency or near insolvency, the duty to act in the best interests of members is overridden by a duty to act in the best interests of creditors.
- A director must not make improper use of information acquired as a director to gain a personal advantage or to cause detriment to the Company.
- A director must not take improper advantage of the position of director to gain a personal advantage or to cause detriment to the Company.
- A director must not place himself or herself in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any associated person, or his or her duties to any other company, on the one hand, and the interests of the Company or his or her duties to the Company, on the other hand. The action which a director will be required to take if he or she is faced with an actual or potential conflict of interest or duties in relation to a particular matter being considered by the Board will depend on the nature and circumstances of the conflict and may include any of the following:
 - fully and frankly informing the Board about the circumstances giving rise to the conflict
 - abstaining from voting on any motion relating to the matter and absenting himself or herself from all board deliberations relating to the matter; or
 - resigning from the Board.

If a director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the director should consult with the chairman.



- A director must bring an enquiring, open and independent mind to Board meetings, listen to the debate on each issue raised, consider the arguments for and against each motion and reach a decision that he or she believes, to be in the best interests of the Company as a whole.
- An opportunity must be provided for a director to put his or her views on issues before the Board or a committee on which he or she sits. While directors must treat each other with courtesy and observe the other rules in this Code, directors should be able to engage in vigorous debate on matters of principle.
- Confidential information (including Board or committee papers) received by a director in the course of the exercise of directorial duties remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been duly authorised by the Company, or the person by whom the information was provided, or is required by law or by the ASX Listing Rules.
- A director must not disclose the content of discussion at board meetings or committee meetings outside appropriate and responsible circles within the Company with a legitimate interest in the subject of the disclosure, unless that disclosure has been authorised by the Company, or is required by law or by the ASX Listing Rules.
- A director generally must not engage in conduct, or make any public statement intended to prejudice the Company's business or intended to harm, defame or otherwise bring discredit upon or denigrate the Company, fellow directors or staff. A director may make such a statement only if the director believes in good faith that it is in the best interests of the Company as a whole to make such a statement.
- A director must, unless exempted by the Board, co-operate in corporate governance procedures prescribed by the Board including periodic appraisals of the performance of the Board.
- A non-executive director must devote such time as is necessary to carry out the duties of the non-executive director as determined by the Board.
- A director has an obligation, at all times, to comply with the law.