



NELSON RESOURCES LIMITED

(Formerly Mongolian Resource Corporation Limited)

CORPORATE GOVERNANCE POLICIES

EXPENSES POLICY

Purpose

The purpose of this policy is to establish guidelines on expenditures incurred on behalf of the Company, including the policies for approval and reimbursement of those expenditures.

Expenses requiring pre-approval

Any expenses in excess of \$10,000 are to be communicated to the Board of Directors as soon as an employee, director, or officer becomes aware that an item of this level of expenditure will be necessary. This allows the Board to monitor significant upcoming expenditures, enabling them to manage the future cash flows of the Company in the most effective manner.

Expenditure requests submitted to the Board must include a brief explanation of the purpose of the expenditure if not obvious.

The Board will review the expenditure request and approval from the Board must be granted before any employee, officer, or director commits the Company to any expenditure in excess of the \$10,000 limit.

The only exception to the requirement for pre-approval occurs when expenditure is in accordance with a budget that has been approved by the Board, for example if the Company undertakes a drilling or significant exploration program and the Company has approved the program then every expense incurred as part of the program does not require individual approval.

Travel expenses in excess of \$5,000 must also be submitted to the Board for pre-approval.

Authorisation of invoices for payment

Any single officer (an officer is a director or company secretary) of the Company may authorise an invoice under the \$10,000 limit for payment.

Invoices in excess of the \$10,000 can also be authorised by a single individual, provided they have been pre-approved by the Board or fall within the pre-approval exception detailed above.

Once an invoice has been authorised for payment, two officers of the Company must sign the bank cheque or approve the electronic transfer of funds from the Company's bank account.

Corporate debit/credit cards

Corporate cards are provided to certain officers of the Company as a means for the officers to pay for relatively minor, non-recurring expenses.

Corporate cards should only be used to pay for expenses that are related to the Company.

Personal expenses should be paid with a personal debit/credit card; there should be no personal expenses being paid with an officer's corporate card.

Tax invoices for amounts charged to a corporate credit card must be remitted to the Company's accountants by the 15th day of the month following the month in which the charge was incurred, i.e. all tax invoices for expenses charged to the credit card in November must be remitted by the 15th of December.

The Company must have tax invoices in a timely manner to ensure submissions to the ATO are accurate and on time.

Personal credit cards

If an officer has a corporate card, it is preferred that Company expenses are charged to the corporate card rather than a personal card.

Corporate expenses paid on a personal card will be reimbursed to the officer or employee once the Company has received the tax invoice to which the expenditure relates and an expense claim detailing the nature of the expenses claimed.

No reimbursements can be made until and unless a tax invoice has been received.

Annual fees for personal credit cards will not be reimbursed by the Company.

Cash advances

Where cash advances are required, an employee or officer must obtain authorisation from at least one other officer of the Company prior to any funds being advanced. Dual bank authorisation is also required prior to the transfer of any funds from the Company's bank account.

Advances should be used for Company business only and only one advance will be permitted at a time. A cash advance must be cleared before an application is made for another cash advance.

Advances must be settled within a calendar month. Settlement may occur through the provision of receipts and tax invoices to support amounts that were spent on the Company's behalf. Any amounts advanced in excess of funds spent on behalf of the Company must be remitted to the Company within a calendar month from the advance date.

The Company reserves the right to recover any outstanding advances from any monies due to the recipient in the event of leaving.

Foreign currency

If foreign currency is required, it is often more convenient to obtain the necessary amount from a currency exchange or ATM abroad. The company will reimburse all costs associated with this conversion on receipt of appropriate invoices or credit card statements.

Adoption

This policy has been adopted by a resolution of the Board dated 13th of June 2017.