

**ARTICLES OF INCORPORATION
OF
NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED**

ARTICLE I

NAME

The name of the company is Natural Resources Development Corporation (NRDCL) Limited (the “company”), on its incorporation, a company with limited liability, wholly-owned by Druk Holding and Investments Limited (DHI).

ARTICLE II

REGISTERED OFFICE

The registered office of the company will be located in Thimphu, Bhutan.

ARTICLE III

OBJECT

- A: The main objects to be pursued by the Company on its incorporation are:**
- i. To engage in or undertake in the business of Harvesting, Processing and Marketing of Timbers and Timber products as per the prevailing policy(ies) of the Royal Government.**
 - ii. To engage in or undertake business of quarrying, processing, marketing and supply of sand and stone products.**
 - iii. To engage in or undertake in the business of Production/Manufacturing of Construction Materials based on industrial minerals and Marketing of such materials including substitute(s) to timber.**
 - iv. To engage in the business of other natural resources which will include Bamboo and Medicinal Plants**
 - v. To carry out Aforestation/Reforestation in FMUs and Commercial Plantation on leased government land.**
 - vi. To carry out R & D in the area of harvesting, processing, marketing and utilisation of natural resources.**

- vii. To **provide timber, sand, stone & other construction materials** to the rural consumers and also general public as per the prevailing Government Policy.
- viii. To engage in or undertake the business of **Importing of timber and other alternative construction materials to meet the domestic demand.**
- ix. To engage in or undertake the business of **exporting natural resource products based on market conditions.**

B: The objects incidental or ancillary to the attainment of the main objects:

- i. To carry out construction and maintenance of roads to enable the implementation of NRDC's plans, programs and activities.
- ii. To acquire, purchase, exchange, sell, take on lease or hire, contract, maintain any land, buildings, depots, machinery or any rights or privileges which are necessary for the purpose of its business.
- iii. To improve, manage, develop, exchange lease, mortgage or otherwise deal with all or any part of the property and rights of the company.
- iv. To carry on business of factory, warehouse, carriers by land, water or air and to purchase, build, hire, charter or otherwise own, hold, use, dispose of any kind of transport and/or carriers.
- v. To build, alter, construct, and maintain any workshop, mills, factories, warehouses, dwellings, tanks, ropeways, roads and paths or any other work necessary for the purpose of carrying on the main business of the company.
- vi. To invest or deposit the surplus fund of the company in such a manner and form as may be determined by the Company from time to time.
- vii. To borrow or raise funds in such a manner as deemed fit for the purposes of its business.
- viii. To make, accept, endorse, execute and issue promissory notes, bills of exchange, bill of lading, debentures and any other negotiable or transferable instruments.
- ix. To enter into partnership or any arrangement, co-operation, joint-venture, reciprocal arrangement, or concession with any authorities, association of person, body corporate, institutions, Govt. agencies which shall directly or indirectly increase the value of the company's products or render benefits to the company.
- x. To appoint agencies, establish branches for purchase and sale of Company's products within and outside Bhutan and undertake the management or

ownership of the concern or Company having objects altogether or in part similar to those of the Company.

- xi. To do all such other things as directed by the shareholders which may be necessary to attain the other above objectives of the company.

ARTICLE IV

LIMITED LIABILITY

The liability of the shareholders of the Company is limited.

ARTICLE V

CAPITAL

The authorized share capital of the Company is Ngultrum 50.00 million divided into 500,000 equity shares of Ngultrum 100 each.

ARTICLE VI

SHAREHOLDER

- 6. DHI Ownership Policy: The expectations of the shareholder from the Board and the management of the Company shall be provided in the DHI Ownership Policy, as revised from time to time, and the company shall comply with the provisions of the DHI Ownership Policy.
- 6.1. Annual General Meeting of Shareholders. The Company shall in each year hold its Annual General Meeting of shareholder on or before 30 June for transacting, amongst other things, the following business: (i) consideration of audited accounts for the financial year ended 31 December of the previous year, the audit report and the Directors report; (ii) declaration of the dividends; and (iii) appointment of, and fixing the remuneration of the Company's auditors.
- 6.2. Extraordinary General Meeting of Shareholder. Extraordinary General meetings of shareholders for any purpose or purposes may be called at any time by the Chairperson of the Board of Directors. Business transacted at any Extraordinary General Meeting of

shareholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

6.3. **Notice of Meetings.** Except as otherwise provide by law, written notice of each General Meeting of shareholders, whether Annual or Extraordinary, shall be given not less than 7 days and no more than 60 days before the date of the meeting to each shareholder entitled to vote at much meeting. Notice of every meeting shall be given to every shareholder and the auditor or auditors of the Company. The notices of all meeting shall state the place, date and time of the meeting and the means of remote communications, if any, by which shareholder may be deemed to be present in person and vote at such meeting. Where any item, other than the items specified in Article 6.1 above is to be transacted, there shall be annexed to the notice of meeting an explanatory statement setting out all material facts concerning such items of business, including in particular the nature of the concern or interest, if any of any member of the Board of Directors.

6.4. **Voting Rights.** Each shareholder shall have the right to vote on every resolution placed before a General Meeting through poll or show of hands as decided at such a meeting pursuant to the Companies Act of the Kingdom of Bhutan 2000 or any amendments thereof. A shareholder may appoint other person as his proxy to attend and vote at any General Meeting.

6.5. **Nomination and Appointment of Directors.**

6.5.1. The Board of Directors shall be appointed by the Shareholder.

6.5.2 The shareholder shall nominate a Chairperson for consideration by the Board.

6.5.3 The board of the company shall select the CEO of the company through a fair and transparent process, and convey the decision to DHI for confirmation. Subject to confirmation by DHI, the company shall cause to appoint such a person as the CEO and a board member at a general meeting.

6.6. **Conduct of Meetings.**

6.6.1. **Chairperson of Meeting.** Meetings of shareholders shall be presided over by the Chairperson of the Board of Directors, or in the Chairperson's absence by a Chairperson designated by the Board of Directors.

6.6.2. Rules, Regulations and Procedures. The Board of Directors of the Company may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of shareholders of the Company as it shall deem appropriate including, without limitation, such guidelines procedures as it may deem appropriate regarding the participation by means of remote communication of shareholder and proxy holders not physically present at a meeting in each case in accordance with applicable law. The Chairperson of any meeting of shareholder shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairperson of the meeting, may include, without limitation, the following: **(i)** the establishment of an agenda or order of business for the meeting; **(ii)** rules and procedures for maintaining order at the meeting and the safety of those present; **(iii)** limitations on attendance at or participation in the meeting to shareholders of record of the Company, their duly authorized and constituted proxies or such other persons as shall be determined; **(iv)** restrictions on entry to the meeting after the time fixed for the commencement thereof; and **(v)** limitations on the time allotted to questions or comments by participants.

ARTICLE VII

DIRECTORS

7.1 General Powers. The business affairs of the Company shall be managed by or under the direction of a Chairperson and the Board of Directors, who may exercise all the powers of the Company as provided for in the Companies Act for the Kingdom of Bhutan 2000 (the “Act”) and these Articles of Incorporation. Any reference in these Articles to the term “Board of Directors” shall mean, collectively, the Chairperson and the other members of the Board of Directors.

7.2 Number and Term. The Board of Directors shall consist of maximum of nine members including the chairperson. While the normal term for each director shall be three years, there will be periodic assessment of the Director’s performance and the term may be shortened if the performance is not satisfactory. Notwithstanding the tenure of 3 years, the company shall cause to resign one third of the board directors and may re-appoint them at the AGM to comply with the Companies Act of the Kingdom of Bhutan 2000 or any amendments thereof in the future.

- 7.3 Board Meetings.** The Board of Directors shall meet no less than four times per year, at least once every three months held at any time and place designated in a call by the Chairperson of the Board of Directors.
- 7.4 Extraordinary Meetings of the Board of Directors.** Extraordinary meetings of the Board of Directors may be held at any time and place designated in a call by the Chairperson of the Board of Directors.
- 7.5 Notice of Meetings.** Notice of any meeting of the Board of Directors shall be given in writing to each Director along with a description of business to be transacted thereat by the Chairperson of the Board of Directors. Notice shall be duly given to each Director **(i)** by sending a telecopy or electronic mail, or delivering written notice by hand, to such Director's last known business, home or electronic mail address at least 24 hours in advance of the meeting or **(ii)** by sending written notice, via post or reputable overnight courier, to such Director's last known business or home address at least 48 hours in advance of the meeting. The notices of all meetings shall state the place, date and written of the meeting and the means of remote communication, if any, by which Directors may be deemed to be present in person and vote at such meeting.
- 7.6 Meetings by Conference Communications Equipment.** Directors may participate in meetings of the Board of Directors or committee thereof by means of conference telephone or such other communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.
- 7.7 Quorum.** The quorum for the meeting of the Board and general meeting shall be as provided in the Companies Act of the Kingdom of Bhutan 2000 or any amendments thereof.
- 7.8 Action at Meeting.** In the events of an equality of votes, the Chairperson of the Board of Directors shall have a second vote. Acts or decisions relating to the transaction of general Business require the affirmative vote of a majority of the Directors present at a meeting duly held at which a quorum is present to be regarded as the act of the Board of Directors. In the event of an equality of votes, the Chairperson of the Board of Directors shall have a second or casting vote.

7.9 Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Director or committee, as the case may be consent to the action in writing and/or by electronic transmission, and such consents whether in writing and/or by electronic transmission are filed with the minutes of proceedings of the Board of Directors or committee. However, important decisions shall be ratified in the board meeting.

7.10 Minutes of the meetings. The Company shall cause minutes of all proceedings of every General Meeting and of all proceedings of every meeting of its Board of Directors or of every committee of the Board of Directors, to be kept by the Company in accordance with the Act. The minutes of the general meeting shall be finalized within 30 days after considering the comments/feedbacks of the shareholders to the draft minutes.

7.11 Removal. A member of the Board of Directors may be recommended for removal to the Shareholder for cause by an affirmative vote of at least two thirds of the members of the Board of Directors, excluding the member being considered for removal. For purposes of this Article, removal “for cause” shall mean termination or removal as a result of or caused by a Director’s theft or embezzlement from the Company or any of its subsidiaries, substantial failure on the part of director to perform his duties as a Director, the disclosure by Director of confidential information of the Company or any of its subsidiaries, willful misconduct or dishonesty or conviction of or failure to contest prosecution for a crime of moral turpitude, excessive absenteeism unrelated to illness and any act by a Director in competition with the Company or any of its subsidiaries, or any other act, activity or conduct of Director which in the opinion of the Board of Directors is adverse to the best interests of the Company or any of its subsidiaries.

The shareholder may also remove a Director(s) through a resolution at a General Meeting, either Annual or Extraordinary.

7.12 Vacancies. Any Vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board, shall be filled by a Director selected by the Shareholder.

7.13 Resignation. Any Director may resign by delivering a resignation in writing to the Company at its principal office or to the Chairperson of the Board of Directors in the Chief Executive Officer. Such resignation shall be effective upon receipt unless it is specified to be effective at some later time or upon the happening of some later event.

7.14 **Committees.** The Board of Directors may designate one or more committees, each committee to consist of one or more of the Directors of the Company. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of law, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Company and may authorize the seal of the Company to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the Directors or in such rules, its business shall be conducted as nearly as possible same manner as is provided in these Articles of incorporation for the Board of Directors.

7.15. **Remuneration.**

Board Remuneration: Directors may be paid remuneration for their services and reimbursement for all reasonable expenses for attendance at meetings and in connection with the business of the Company as determined by DHI from time to time. Invitees other than employees may receive fees for participating in the board meetings.

Employee Remuneration: The remuneration of the CEO and employees of the company shall be subject to the DHI ownership policy, guidelines and/or any other relevant documents on remuneration issued by DHI.

ARTICLE VIII

DIVIDENDS, RESERVES, AND COMPANY FUNDS

8.1. Dividends. The dividends to be provided, whether from current year profits and/or from undistributed profits from past years, shall be decided by the Shareholder in consultation with the Board of Directors at the Annual General Meeting. To facilitate cash-flow requirements of the Shareholder, the Company may transfer remittances on a monthly basis.

8.3. Other funds. If decided by a resolution at a General meeting, either Annual or Extraordinary, other funds available with the company shall be transferred to the Shareholder.

- 8.4. **Divestment.** The proceeds of any divestments shall be transferred to the Shareholder, unless otherwise agreed to in writing by the shareholder.

ARTICLE IX

INVESTMENTS AND DIVESTMENT

The Board's authority for investments and divestments shall be as per the DHI Ownership Policy.

ARTICLE X

INDEMNITY

Every Director, officer or agent for the Company shall be indemnified out of the assets of the company against by liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted.

ARTICLE XI

AMENDMNET

These Articles of incorporation may be altered, amended or repealed in whole or in part only by the shareholder.

ARTICLE XII

SUBSCRIPTION

We, Druk Holdings and Investment Limited whose name and address is subscribed, is desirous of being formed into a Company, *Natural Resources Development Corporation Limited*, in pursuance of these Articles of Incorporation, and we agree to take the number of shares in the capital of the company set opposite our name:-

| Sl. No. | Name, address of subscribers | No. of shares taken |
|----------------|--------------------------------------|----------------------------|
| 1 | Druk Holdings and Investment Limited | 300,000.00 |
| | Total | 300,000.00 |

Place: Thimphu

Chief Executive Officer
Druk Holding & Investment

Witness to the above signature:

Company Secretary

Druk Holding & Investments