

## BOARD CHARTER

### 1. INTRODUCTION AND PURPOSE

This statement summarises the roles and responsibilities of the Board of MOD Resources Limited (“MOD”). The disclosure of the roles and responsibilities of the Board is designed to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and management of MOD.

It must be noted that the roles and responsibilities of the Board will evolve as the Company moves forward. As such, a regular review of the balance of responsibilities is seen to be appropriate to ensure that the division of the functions remains appropriate to the needs of the Company.

This policy statement is only a summary of the matters reserved to the Board and should therefore only be used as a general guide, which is not to be used in a legal capacity.

### 2. ROLE OF THE BOARD

#### **Key Responsibilities**

The management and control of the business of MOD is vested in the Board. The Board's primary responsibility is to oversee MOD's business activities and management for the benefit of MOD's shareholders. The Board also recognises its responsibilities to MOD's employees, the environments and communities in which MOD operates and where appropriate, other stakeholders. The Board strives to create shareholder value and ensure that shareholders' funds are prudently safeguarded.

The key responsibilities of the Board include:

- Appointing, evaluating, rewarding and if necessary the removal of the Managing Director and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately. Further, approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Conduct and that the Company practice is consistent with the Code; and

- Reporting to and advising shareholders.

### **Delegated Responsibility**

The Board has delegated responsibility for the day-to-day activities to the Managing Director and the Executive Management. The Board ensures that the team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and Executive Management. The roles of the Chairman and the Managing Director are not exercised by the same individual. The Managing Director is accountable to the Board for all authority delegated to that position.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure that this is achieved. These mechanisms include the following:

- Establishment of the following Committees:
  - Audit Committee; and
  - Remuneration committee
- As outlined above, the Board oversees the strategic direction of the Company.
- As outlined above, the Board approves all budgets of its consolidated entities.
- The Board receives detailed board papers on a monthly basis showing the monthly and year to date performance of all aspects of the Company, compared to budget.
- Procedures are in place to allow any director or Committee of the Board to seek external professional advice as considered necessary, at the Company's expense.
- Procedures are in place to incorporate presentations from senior management at relevant Committee meetings on an as required basis to increase the Committees' understanding of the area. Further, the Board may request further information from management from time to time on any issue.
- In the event that a potential conflict of interest may arise, involved directors withdraw from deliberations concerning the matter.

### **Nomination**

In fulfilling its corporate governance and oversight responsibilities, the assessment of nominations to the Board will be a function performed by current Board members. These functions include;

- Review the appropriateness of the size of the Board relative to its various responsibilities and where necessary make recommendations to the Board to change the composition of the Board.
- Review the appropriateness of the size of the Board Committees relative to its various responsibilities and where necessary make recommendations to the Board to change the composition of the Committees.

- Review the overall composition of the Board and Board Committees, taking into account factors such as:
    - expertise of each board member
    - business experience
    - integrity
    - skills
    - breadth of experience
    - knowledge about the Company's business or industry
    - willingness to devote time and effort to the Board
- and make appropriate recommendations as necessary. As such, the Committee shall determine the criteria, objectives and procedure for selecting new Board members.
- Review and recommend to the Board the criteria for Board membership, including assessment of the necessary and desirable competencies of the Board members.
  - The Committee shall review potential candidates for the Board and report on the candidates and results to the Board for consideration. As such, the Committee shall evaluate and conduct appropriate inquiries into the backgrounds and qualifications of possible nominees.
  - Recommend to the Board, members of the Board to be designated as Chairperson of the Board's Committees.
  - Make recommendations to the Board in relation to appropriate performance criteria, for both the individual directors and full board acting as a collective body. This may include such items as level of director attendance, preparedness, participation and candor.
  - Review, develop and recommend to the Board if necessary, the criteria for determining director independence.
  - The Committee shall monitor the orientation and continuing education programs for directors.
  - The Committee shall develop and review any relevant succession plans.
  - When appointing a new director, the Committee shall at all times act in accordance with the "Procedure for Selection and Appointment of New Directors".