

REY RESOURCES LIMITED

ACN: 108 003 890

BOARD CHARTER

The Board of Rey Resources Limited (Company) is responsible for guiding and monitoring the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board seeks to meet the legitimate expectations of shareholders, while discharging its regulatory obligations and ethical responsibilities. In addition, the Board is responsible for identifying areas of significant business risk and ensuring policies and procedures are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

In discharging its stewardship the Board makes use of specialist subcommittees of the Board, which are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees, which act within their charters set by the Board:

- audit committee; and
- remuneration committee

The responsibility for the operation and administration of the Company is delegated by the Board to the senior management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the senior management team.

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 this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- ongoing development of the strategic plan and approving initiatives and activities designed to ensure the continued growth and success of the Company; and
- implementation of budgets by management and monitoring of progress against budget via the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the Board include:

- approval of the annual and half-yearly financial reports;
- setting and reviewing the Company's corporate governance policies;
- approving and monitoring the progress of major capital expenditure, and capital management;
- setting capital expenditure, operating expenditure and major contract authority limits for the Managing Director ;
- monitoring of exploration activities;
- governance of reserve and resources reporting;
- reporting to shareholders;
- reviewing and approving all ASX releases;
- appointing and approving the terms and conditions of the appointment of the Managing Director;
- reviewing and providing feedback on the performance of the Managing Director; and
- appointing directors, reviewing director and Board performance and removing directors.

Appointment, Review and Removal of Directors

The role of the Board on matters relating to the appointment of directors will include:

- (a) the appointment of new directors, as set out in the Company's Nomination Policy:
 - (1) identifying and nominating candidates for directorship; and
 - (2) establishing a transparent and formal procedure for the identification of suitable candidates for appointment to the Board;
- (b) the establishment criteria for Board membership, including desired qualifications, skills, experience and competencies;
- (c) review of current and anticipated Board membership requirements, including;
 - (1) establishing and overseeing processes for the review of the performance of individual directors and the Board as a whole;
 - (2) from time to time, assessing the extent to which the required skills are represented on the Board and the necessary and desirable competencies of Board members; and
 - (3) from time to time, assessing the time commitments of non-executive directors and whether candidates (having regard to other commitments) can meet these commitments; and
- (d) removal of directors.

Conflicts of Interest

As a general principle each 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, free of any actual or possible conflict of interest, and consistent with the Company's Code of Conduct.

If Board members wish to avail themselves of the business judgment rule, enshrined in section 180(2) of the Corporations Act 2001, they will need to be continuously vigilant to identify circumstances of conflicting interests, that is, circumstances where the director has a material personal interest in the matter before the Board or a committee.

If a director believes, or the Board determines, that a director might be 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 Board will require that the director:

- fully and frankly inform the Board about the circumstances giving rise to the conflict; and
- abstain from voting on any motion relating to the matter and absent himself or herself from all Board deliberations relating to the matter including, if required by the Board given the particular circumstances, declining receipt of Board papers bearing on the matter.

If the Board resolves to permit a director to have any involvement in a matter involving possible circumstances of conflicting interests, the Board must minute full details of the basis of the determination and the nature of the conflict including a formal resolution concerning the matter.

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 immediately consult with the Chairman.