

# MAGELLAN MINERALS LIMITED

(THE "COMPANY")

## TERMS OF REFERENCE

### OF THE CHIEF EXECUTIVE OFFICER

#### GENERAL

The Chief Executive Officer's ("CEO") primary role is to manage the Company in an effective, efficient and forward-looking way and to fulfill the priorities, goals and objectives determined by Board of Directors in the context of the Company's strategic plans, budgets and responsibilities and in compliance with the Company's corporate governance guidelines and Code of Conduct, with a view to increasing shareholder value. The CEO is responsible to the Board and acts as the liaison between management and the Board.

#### RESPONSIBILITIES

The responsibilities of the CEO include:

1. managing the operations of the Company by:
  - (a) formulating and recommending to the Board goals and strategies to maximize shareholder value and promote the long-term success of the Company and implementing the strategies and plans as approved by the Board;
  - (b) working with the President and CFO to develop budgets for approval by the Board and to develop forecasts to be used as guides in the operation of the Company; authorizing the commitment of Company funds in accordance with pre-approved budgets or as approved by the Board from time to time; authorizing the commitment of human resources and corporate resources in the ordinary course of the Company's business; obtaining prior approval of the Board for major expenditures or use of major corporate resources; and safeguarding and optimizing the Company's assets;
  - (c) monitoring the financial performance and overall success of the Company in meeting the strategies and plans approved by the Board; and
  - (d) identifying the principal risks of the Company's business; developing and implementing appropriate systems to manage these risks;
2. overseeing the senior management of the Company by:
  - (a) working with the Board to establish annual objectives for the CEO;
  - (b) setting annual performance objectives and responsibilities for the senior management team and monitoring success in meeting them; and
  - (c) selecting and recommending to the Board candidates for senior management positions; working with the compensation committee to review and recommend to

the Board appropriate salary and benefit packages for senior management and employees;

3. promoting high ethical standards throughout the organization and good corporate governance by:
- (a) assisting the Board in establishing and reviewing corporate guidelines and policies including the Code of Conduct and policies on communications and corporate disclosure, stock trading and use of confidential information and whistle blowing; making all Company personnel aware of the Company's policies and monitoring and reviewing compliance with the guidelines and policies;
  - (b) ensuring the Company observes all applicable laws and regulations, uses sound and sustainable business practices and provides a safe and positive environment for its employees;
  - (c) maintaining and enhancing effective communications and relationships with shareholders and other stakeholders and ensuring the Company has a positive corporate image;
  - (d) ensuring that there are effective safeguards and control mechanisms in place to ensure the integrity of the internal control and management information system and to promote the good governance of the Company;
  - (e) reporting regularly to the Board and appropriate committees on all significant operational, financial and other matters, including legal, regulatory and governmental policy development, the Company's progress towards its goals and any material deviations from its goals and strategies; making appropriate information and resources available to the Board to enable it to make fully-informed decisions; and
  - (f) complying personally with all the Company's guidelines and policies and applying personally high ethical standards.

Dated the 25th day of May, 2007..