

**MINMETALS RESOURCES LIMITED**  
(the “Company”)

**TERMS OF REFERENCE**

**OF**

**THE REMUNERATION AND NOMINATION COMMITTEE**  
**(formerly the REMUNERATION COMMITTEE)**

(Approved by the board of directors of the Company at a meeting held on 11 April 2005  
and were amended on 15 February 2011)

**MINMETALS RESOURCES LIMITED**  
**TERMS OF REFERENCE OF THE REMUNERATION AND NOMINATION**  
**COMMITTEE**

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**1. CONSTITUTION**

- 1.1 The Committee is established pursuant to a resolution passed by the Board at its meeting held on 11 April 2005.

**2. MEMBERSHIP**

- 2.1 Members of the Committee shall be appointed by the Board from amongst the directors of the Company (the “**Directors**”) and shall consist of not less than three members, a majority of which shall be independent non-executive Directors.
- 2.2 The Chairman of the Committee shall be appointed by the Board.
- 2.3 The secretary of the Committee shall be appointed by the Board.
- 2.4 The appointment of the members of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.

**3. PROCEEDINGS OF THE COMMITTEE**

- 3.1 **Notice:** Unless otherwise agreed by all the Committee members, a meeting shall be called by at least seven days’ notice. A Committee member may and, on the request of a Committee member, the secretary to the Committee shall, at any time summon a Committee meeting. Notice shall be given to each Committee member in person orally or in writing or by telephone or by telex or telegram or facsimile transmission at the telephone or facsimile or address from time to time notified to the secretary by such Committee member or in such other manner as the Committee members may from time to time determine. Any notice given orally shall be confirmed in writing. Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting.
- 3.2 **Quorum:** The quorum of the Committee meeting shall be two members of the Committee.
- 3.3 Meetings shall be held at least once every six months to formulate, review and consider the remuneration policy and proposal prepared by the management of the Company and/or the remuneration arrangement implemented by the Company.

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3.4 A Committee member may not vote on any resolution of the Committee regarding his own remuneration.

**4. WRITTEN RESOLUTIONS**

4.1 Written resolutions may be passed by all Committee members in writing.

**5. ALTERNATE COMMITTEE MEMBERS**

5.1 A Committee member may not appoint any alternate.

**6. AUTHORITY OF THE COMMITTEE**

6.1 The Committee may exercise the following powers:

- (a) to seek any information it requires from any employee of the Company and its subsidiaries (together, the “**Group**”) and any professional advisers (including auditors), to require any of them to prepare and submit reports and to attend Committee meetings and to supply information and address the questions raised by the Committee;
- (b) to review the performance of the Group’s employees (including directors and senior officers of a Group company) to determine the remuneration package to be offered to executive directors and senior management, and the appropriate mix of directors to constitute the Board; and
- (c) to obtain, at the Company’s expense, outside legal or other independent professional advice or assistance as it considers to be necessary, including the advice of an independent human resource consultancy firm or other independent professionals, and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies in the industry. The Committee shall have full authority to commission any report or survey which it deems necessary to help it fulfill its duties and should be provided with sufficient resources to discharge its duties; and
- (d) invite the Company’s auditor or any employee of the Group to attend a meeting of the Committee, and to the extent permitted by law and the Listing Rules, access any document, report, material or information in the possession of an employee or external adviser of the Group.

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**7. DUTIES**

7.1 The duties of the Committee shall be:

- (a) to formulate and make recommendations to the Board on the Group's policy and structure for all remuneration of the Directors and Senior Management of the Group and on the establishment of a formal and transparent procedure for developing policy on such remuneration, to ensure that employees of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group. For the purpose of these terms of reference, "**Senior Management**" shall be the category of persons, the relevant particulars of whom are required to be disclosed under paragraph 12 of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**");
- (b) to have the delegated responsibility to determine the specific remuneration packages of all Directors and Senior Management, including benefits in kind, pension rights and compensation payments such as compensation payable for loss or termination of their office or appointment, in the following manner:
  - (i) executive Directors shall determine the remuneration packages of employees of the Group other than the Senior Management, having regard to the remuneration policy laid down by the Committee;
  - (ii) remuneration packages of Senior Management other than the executive Directors shall be subject to the prior review by the Committee followed by a recommendation to the Board by the Committee; and
  - (iii) remuneration packages of executive Directors shall be determined by the Committee, within the terms of the agreed policy and the Committee should consult the Chairman and/or Chief Executive Officer of the Company about its proposals relating to the remuneration of other executive Directors, provided that, for the avoidance of doubt, remuneration of non-executive Directors shall be determined by the Board. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;

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- (c) to make recommendations to the Board on the remuneration of non-executive Directors;
- (d) notwithstanding (b) above, to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time, and to review the performance against these corporate goals and objectives;
- (e) in respect of any service agreement to be entered into between any members of the Group and its director or proposed director, the prior approval of which by the shareholders of the Company in general meeting is required pursuant to the Listing Rules, to review and provide recommendations to the shareholders of the Company (other than shareholders who are directors of a Group Company with a material interest in the relevant service agreements and their respective associates) as to whether the terms of the service agreements are fair and reasonable and whether such service agreements are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote;
- (f) to review and approve the compensation payable to executive Directors and Senior Management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Group;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with the relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (h) to ensure that no director of a Group Company or any of his associates (as defined in the Listing Rules) is involved in deciding his own remuneration;
- (i) to conduct exit interviews with any Director or Senior Management upon their resignation in order to ascertain the reasons (from a remuneration perspective) for his departure;
- (j) to develop a policy and associated procedures for the selection and appointment of directors of a Group Company and identifying individuals suitably qualified to become directors of that Group Company, having regard to such factors as the Committee considers appropriate, including judgement, skill, diversity, experience with business and other organisations of a comparable size, the interplay of the candidate's experience with the experience of other board members of that Group company, the candidate's capacity to commit to the relevant board's

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activities, the extent to which the candidate would be a desirable addition to that board, and to select or make recommendations to the Board on the selection of individuals nominated for directorships; and

- (k) to, prior to a director's appointment, ensure that each individual nominated for appointment to a board as director: (i) has had his or her performance assessed individually and received the support of the Board and the board to which that Director is proposed to be appointed and (ii) has expressly acknowledged that he or she will have sufficient time to fulfil the responsibilities and duties expected of him or her;
- (l) to ensure that an effective and up to date induction and education program for new directors of a Group Company is in place to ensure that they have an understanding of: (i) the Group's financial, strategic, operational and risk management position (ii) their rights, duties and responsibilities, (iii) the role and responsibilities of those executives of the Group reporting directly to the Chief Executive Officer of the Company and (iv) the role of the board committees of the Company;
- (m) to regularly review the structure, size and composition (including the skills, knowledge and experience) of the boards of the Group companies on a regular basis and make recommendations to the Board with regard to any proposed changes;
- (n) providing advice to the Board with respect to the necessary and desirable competencies of directors of a board of a Group company and making suitable recommendations for the appointment and removal of directors to a board of a Group company;
- (o) identifying Directors qualified to fill vacancies on board committees of the Company and making recommendations to the Board accordingly, having regard to such factors as the Committee considers appropriate, including the terms of reference of the particular Board Committee, the Director's experience, the interplay of the Director's experience with the experience of other Committee members and any relevant legal and regulatory requirements;
- (p) assess the independence of independent non-executive Directors;
- (q) regularly review the time required from a Director to perform his responsibilities to the Company, and whether such Director is spending sufficient time as required;
- (r) review the non-executive Directors' annual confirmation that they have spent sufficient time on the Company's business;

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- (s) make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer of the Company;
- (t) reviewing succession plans for Senior Management annually to maintain an appropriate balance of skills, experience and expertise on the executive management team and advising the Board of any recommended actions; and
- (u) to consider other matters, as defined or assigned by the Board from time to time.

**8. REPORTING PROCEDURES**

- 8.1 Draft and final versions of the minutes of Committee meetings should be sent to all members of the Committee for their comment and records, in each case within a reasonable time after the meeting. The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.

**9. CONTINUING APPLICATION OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

- 9.1 The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

**10. POWERS OF THE BOARD**

- 10.1 The Board may, subject to compliance with the articles of association of the Company and the Listing Rules, amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.