

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

**TERMS OF REFERENCE**

**OF**

**THE AUDIT COMMITTEE**

(Approved by the board of directors of the Company at a meeting held on 2 July 1999, and were amended on 31 August 1999, 14 June 2002, 18 August 2004, 25 August 2005, 9 March 2009, 15 February 2011 and 28 March 2012 respectively)

**MINMETALS RESOURCES LIMITED**  
**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

---

**CONSTITUTION**

1. The board of directors (“**Board**”) resolved to establish a committee known as Audit Committee (“**Committee**”) on 2 July 1999. The Committee shall report directly to the Board.

**COMMITTEE MEMBERS**

2. The Committee members shall be appointed by the Board from amongst the non-executive directors of the Company. The Committee shall consist of not less than three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2) to the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited. The majority of the Committee members must be independent non-executive directors. The Committee must be chaired by an independent non-executive director.
3. A quorum shall be three members.

**ATTENDANCE AT MEETINGS**

4. The CFO, head of the internal audit and representative(s) of the external auditors shall normally attend meetings. The Committee may invite other Board members to be present at meetings and the Board members shall have the right of attendance.

**SECRETARY**

5. The company secretary or his or her delegate, shall be the secretary of the Committee.

**FREQUENCY OF MEETINGS**

6. Meetings shall be held not less than twice a year, at the time prior to the approval of the interim results and the financial year results respectively by the Board. A Committee member or the external auditors may request a meeting if they consider that one is necessary.

**MINMETALS RESOURCES LIMITED**  
**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

---

**AUTHORITY**

7. The Committee is authorized by the Board to investigate any activities within its terms of reference (as mentioned in paragraph 10 below). It is authorized to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee.
8. The Committee is authorized by the Board to obtain outside legal or other independent professional advice to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
9. The Committee may from time to time establish sub-committees to assist it in carrying out its functions and responsibilities and may adopt terms of reference setting out matters relevant to the composition, responsibilities and functions of such sub-committees and other matters as the Committee may consider appropriate.

**DUTIES**

10. The duties of the Committee shall be:

*Relationship with the Group's auditors*

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal. In relation to the appointment and removal of the auditor, the Committee should remind the Board that the Company must: -
  - (i) at each annual general meeting appoint an auditor to hold office from the conclusion of that meeting until the next annual general meeting;
  - (ii) not remove the auditor before the end of its term of office without first obtaining shareholders' approval at a general meeting;
  - (iii) send a circular proposing the removal of the auditor to shareholders with any written representations from the auditor, not less than 10 business days before the general meeting; and
  - (iv) allow the auditor to attend the general meeting and make written and/or verbal representations to shareholders at the general meeting.

**MINMETALS RESOURCES LIMITED**  
**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

---

- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) to act as the key representative body for overseeing the Group's relations with the external auditor;

*Review of financial information of the Group*

- (e) to monitor integrity of the Group's financial statements and the annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on: -
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments resulting from audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with accounting standards; and
  - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (f) Regarding (d) above:-
  - (i) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Group's auditors; and

**MINMETALS RESOURCES LIMITED**  
**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

---

- (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Group's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

*Oversight of the Group's financial reporting system and internal control procedures*

- (g) to at least annually review the Group's financial controls, internal control and risk management systems, and in particular consider:
  - (i) the changes, since the last annual review, in nature and extent of significant risks, and the Group's ability to respond to changes in its business and external environment;
  - (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control system and internal audit function;
  - (iii) the extent and frequency of communication of monitoring results to the Board which enables it to assess control of the Group and the effectiveness of risk management;
  - (iv) significant control failings or weaknesses that have been identified during the period, and the extent to which they have resulted in unforeseen outcome or contingencies that have had, could have had or may in the future have, a material impact on the Group's financial performance or condition;
  - (v) effectiveness of the Group's processes for financial reporting and Listing Rules compliance; and
  - (vi) the sufficiency of the insurance cover for Directors and officers' liabilities and to approve any changes to the coverage and terms and conditions thereof from time to time.
- (h) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;
- (i) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

**MINMETALS RESOURCES LIMITED**  
**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

---

- (j) to review and evaluate the process in relation to the Group's reporting of connected transactions and continuing connected transactions, and to review and approve the Group's connected transaction policy and any amendments thereto as appropriate;
- (k) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and to review and monitor its effectiveness;
- (l) to review the Group's financial and accounting policies and practices;
- (m) to review the external auditor's management letter, any material queries raised by the auditor to management about the accounting records, financial accounts or systems of control and management's response;
- (n) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (o) to report to the Board on the matters in the code provision C.3 of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules and these terms of reference;
- (p) to monitor and review arrangements employees of the Group and other interested parties can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters including but not limited to the administration of the whistleblower policy adopted by the Group, and to review and make recommendations to the Board as appropriate with consultation with the general counsel on the amendments or changes to such policies and arrangements. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (q) to oversee, review and approve the mineral resource and ore reserves reporting processes of the Group,;
- (r) to oversee compliance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as defined by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (the 'JORC Code'), and any applicable Listing Rules; and
- (s) to consider other topics as defined by the Board.

**MINMETALS RESOURCES LIMITED**  
**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

---

**REPORTING PROCEDURE**

11. Draft minutes of Committee meetings should be sent to all members of the Committee for their comment by the earlier of:
- (a) the date that is seven (7) days after the meeting of the Committee; or
  - (b) the date of the next Board meeting.

Final version of the minutes of Committee meetings should be sent to all members of the Committee for their records within a reasonable time after the Committee 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.