

**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 and 28 March 2012 respectively)

**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 and shall be an independent non-executive Director.

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 email or by telex or telegram or facsimile transmission at the telephone or email address 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.

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

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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.

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

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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 Directors' and Senior Management of the Group remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, 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 determine with delegated responsibility, the remuneration packages of individual executive Directors and Senior Management, including benefits in kind, pension rights and compensation payments including any 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;
  - (iii) remuneration packages of executive Directors and Senior Management 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 their remuneration proposals for 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 salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; and
  - (iv) a significant proportion of executive Directors' remuneration should link rewards to corporate and individual performance.

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

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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 the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time;
- (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 compensation payable to executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are 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 –board members 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 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

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

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- (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 review the structure, size and composition (including the skills, knowledge and experience) of the boards of the Group companies at least annually and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy;
- (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 and give advice on why the Committee believes a proposed independent non-executive Director should be elected and why the Committee considers him to be independent;
- (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;

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

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- (s) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive 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.