



AUDIT & RISK COMMITTEE CHARTER

Composition of the Committee

- The Risk, Audit & Compliance Committee ('Committee') of the board of directors ('Board') of Metminco Limited ('Metminco' or the 'Company') shall comprise at least two directors of the Company, each of whom must be independent.
- All Committee members shall be financially literate and have an understanding of the industry in which Metminco operates. At least one member shall have accounting or related financial management expertise, either as being a qualified accountant, or other financial professional with experience of financial and accounting matters.
- The Chairperson of the Committee ('Committee Chairperson') will recommend to the Board all appointments, rotations and resignations of Committee members.
- The Committee Chairperson shall be elected by the Board and shall, at all times, be independent and not also be the Chairperson of the Board.
- Committee members shall be considered independent if they do not have any of the relationships identified in Box 2.1 of the Australian Securities Exchange ('ASX') Corporate Governance Council Corporate Governance Principles and Recommendations 2nd edition (August 2007) and any applicable law or regulation.
- The Company Secretary of Metminco, or his nominee, will act as Secretary of the Committee.

Role of the Committee

The primary role of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to Metminco's accounting and financial reporting, internal control structure, risk management systems (including the review of risk mitigation, which includes insurance coverage), the external audit functions, and compliance with legal and regulatory requirements, other than in relation to occupational health, safety and environmental matters.

Functions of the Committee

- Satisfying itself that appropriate systems and controls for management, accounting and financial processes, computerised systems and meeting regulatory and statutory financial reporting obligations have been established and are being complied with, and receiving reports on any significant breaches thereof, including any financial consequences, and receiving reports on any significant losses or frauds within Metminco.
- Reviewing and making recommendations to the Board on the adequacy of policies in place in relation to internal control systems.



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- Establishing procedures for the evaluation of Metminco's major financial risk exposures and meet periodically with management to review Metminco's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- Overseeing the implementation and monitoring the effectiveness of management systems designed to provide reasonable assurance of compliance with legal requirements and ethical compliance programs (including Metminco's Code of Conduct).
- Requiring and receiving reports of compliance with all applicable legal requirements and contraventions identified within Metminco and reports of any regulator identifying contraventions or deficiencies in compliance systems.
- Providing an open avenue of communication between the external (or 'independent') auditors, and the Board, and ensuring the external auditors have the right to request a meeting with the members of the Committee.
- Inquiring about significant risks or exposures, assessing the steps management of Metminco has taken to minimise such risks (including insurance coverage) to Metminco and reporting these matters to the next meeting of the Board.
- Reviewing Metminco management's annual assessment of the adequacy of insurance coverage.
- In conjunction with the external auditors, considering the scope, plan and division of the duties proposed by management of Metminco to be performed by the external auditors.
- Reviewing and approving the program for the co-ordination of the external audit function to ensure completion of coverage, reduction of redundant effort, and the effective use of audit resources.
- Discussing the scope, plan and division of the audit function with the external auditors.
- Annually reviewing the performance of the external auditors and requesting applications for tender of external audit services as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.
- Resolving disagreements regarding financial reporting between management and/or staff of Metminco and the external auditors.
- Reviewing and assessing the independence of the external auditors, including but not limited to any relationships with Metminco or any other entity that may impair or appear to impair the external auditors' judgement or independence in respect of Metminco.



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- Pre-approving all audit and non-audit services (including valuation, legal and corporate services) provided by the external auditors and not engaging the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditors' judgement or independence in respect of Metminco.
- Drafting an annual statement for inclusion in Metminco's annual report of whether the Committee is satisfied that the provision of non-audit services by the external auditors is compatible with the external auditors' independence.
- Establishing clear hiring policies for employees or former employees of the external auditors in order to prevent the impairment or perceived impairment of the external auditors' judgement or independence in respect of Metminco.
- Considering, discussing and reviewing with management and/or staff of Metminco, external audit reports (and management's response) that have drawn to the Committee's attention inadequacies in Metminco's internal control procedures, computerised information systems and other areas of operations subject to audit.
- Reviewing with management and/or staff of Metminco, including the external auditors, prior to public release, the audited annual financial statements and related information of Metminco ('Annual Accounts') (including meeting separately with the external auditors without management present) focusing in particular on:
 - any matters where the exercise of judgement (for example, adequacy of provisions) is required which may materially affect the Annual Accounts;
 - any material adjustments made to the Annual Accounts as a result of the audit;
 - the substance of any significant accruals or provisions which would have a material impact on the Annual Accounts;
 - the extent to which there are any significant items in dispute with the taxation authorities and the adequacy of tax provisions created within the Annual Accounts; and
 - any serious differences of opinion between the external auditors and management and/or staff of Metminco on significant reporting issues, including the issues detailed above and report on these issues to the Board at the next meeting of the Board.
- Reviewing with management and/or staff of Metminco, including the external auditors, prior to public release, the interim financial statements and related information of Metminco ('Interim Accounts') focusing in particular on:
 - any matters where the exercise of judgement (for example, adequacy of



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provisions) is required which may materially affect the Interim Accounts;

- any material adjustments made to the Interim Accounts;
- the substance of any significant accruals or provisions which would have a material impact on the Interim Accounts;
- the extent to which there are any significant items in dispute with the taxation authorities and the adequacy of tax provisions created within the Interim Accounts; and
- any serious differences of opinion between the management and/or staff of Metminco on significant reporting issues, including the issues detailed above and report on these issues to the Board at the next meeting of the Board.
- Reviewing the ASX Listing Rules half yearly/preliminary final reports and any other relevant financial reports required by the Alternative Investment Market ('AIM') and associated reports prior to the filing of these with the ASX and the AIM.
- Noting the ASX & Media releases accompanying the release of the Annual Accounts and the Interim Accounts prior to the filing of these with the ASX, the AIM and media outlets.
- Reviewing and discussing financial information and earnings guidance provided to analysts and rating agencies.
- Reviewing the external auditors' summary management report and management response and all representation letters signed by management to ensure that the information provided is complete and appropriate.
- Reviewing and recommending any update to this Charter as deemed necessary.
- Performing an evaluation of the Committee's performance at least annually to determine whether it is functioning effectively by reference to current best practice.

Independent Auditors

- The Committee shall have the sole authority and direct responsibility for the appointment, compensation, retention, termination, evaluation and oversight of the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for Metminco.
- The independent auditors shall report directly to the Committee. The Committee's authority includes resolution of disagreements between management and the auditors regarding financial reporting and the receipt of communications from the auditors as may be required under professional standards applicable to the



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auditors.

- The Committee must obtain and review, at least annually, a report by the independent auditors describing:
 - the firm's internal quality-control procedures; and
 - any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
- In addition, the Committee's annual review of the independent auditors' qualifications and performance must include the review and evaluation of the lead partner of the independent auditors for Metminco's account, and evaluation of such other matters as the Committee may consider relevant to the engagement of the auditors, including views of management and internal finance employees, and whether the lead partner or auditing firm itself should be rotated.
- The Committee must, in a timely manner, request and receive from the independent auditors (before the filing of any audit report) the report or update required pursuant to applicable SEC rules concerning:
 - all critical accounting policies and practices to be used;
 - all alternative treatments with generally accepted accounting principles for policies and practices relating to material items that have been discussed with Metminco management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors; and
 - other material written communications between the independent auditors and company management, such as any management letter or schedule of unadjusted differences.
- The Committee must receive from the independent auditors a formal written statement of all relationships between the auditors and Metminco consistent with the applicable requirements under the Corporations Act 2001 (Cth) and Australian generally accepted auditing standards, and actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact on the objectivity and independence of the independent auditors.

Operations of the Committee



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- The Committee shall meet at least twice per year or more frequently if circumstances require it.
- A meeting of the Committee shall be taken to be convened if at least two members are present, including the Committee Chairperson.
- An Agenda for a Committee meeting shall, where practicable, be prepared and circulated to Committee members and other relevant individuals at least 48 hours prior to the time of the meeting.
- A Committee meeting may be held by Committee members communicating with each other by any technological means by which they are able to simultaneously hear each other and participate in discussion. The minutes of the meeting shall record the method of communication by which the meeting was conducted.
- Minutes of a Committee meeting shall be taken and tabled at the next convenient Board meeting. The Committee Chairperson shall report to the Board on any matters of significance recorded in the minutes.
- The Committee, through the Committee Chairperson, may request the attendance at Committee meetings of management and/or staff of Metminco on a regular or irregular basis, as it deems necessary, to provide appropriate information or explanations. Representatives of the external auditors shall also attend Committee meetings when requested by the Committee via the Committee Chairperson.

Complaints and Anonymous Submissions

- The Committee shall establish and maintain procedures for:
 - the receipt, retention and treatment of complaints received by Metminco regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees of Metminco of concerns regarding questionable accounting or auditing matters.
- If the Committee or the Board so determines, the submission procedures may also include a method for interested parties to communicate directly with the Committee Chairperson or with the non-executive directors of Metminco as a group.

Authority of the Committee

- The Committee, via the Committee Chairperson, shall have the authority to conduct or authorise investigations into any matter within the scope of the Committee's Charter with full access to all books, records, facilities and personnel of Metminco. The Committee is at all times authorized to have direct, independent and confidential access to the independent auditors to carry out the Committee's



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purposes. As the Committee deems necessary to carry out its duties, it is authorized to select, engage (including approval of the fees and terms of engagement), oversee, terminate and obtain advice and assistance from outside legal, accounting or other advisers or consultants. Metminco will provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors for their audit and audit-related, review and attest services, compensation to any advisers engaged by the Committee and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

- The Committee's function is one of oversight only and does not relieve the management of Metminco of its responsibilities for preparing financial statements that accurately and fairly present Metminco's financial results and condition, nor the independent auditors of their responsibilities relating to the audit or review of financial statements.