



GOVERNANCE POLICY

The Directors have adopted practices and procedures for the corporate governance of the Company, namely the Corporate Governance and Accounting Policies (the **Corporate Governance Policy**). These practices and procedures establish the framework of how the Directors carry out their duties and discharge their obligations.

This framework is largely consistent with the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations". The Directors note that some recognition is required in the practical application of these principles given the limited size and scope of the Company at this time.

A description of the Company's main corporate governance practices is set out below.

1. Board

The Board considers that the current composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business.

The current Board structure presently consists of five non-executive Directors and one executive Director. The Board has considered the independence of the five non-executive Directors and considers three to be independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgment.

A Director who is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board is not considered to be an independent Director. In the context of Director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the Company's loyalty.

The Company considers that each of the Directors possess skills and experience suitable for building the Company.

a) *Board Appointments*

Directors are initially appointed by the Board subject to election by Shareholders at the next annual general meeting with one-third of the Board being subject to re-election at each subsequent annual general meeting.

The Remuneration and Nomination Committee is responsible for nominating candidates for the approval of the Board with respect to Board appointments, re-elections and terminations if and when they arise. The Board then appoints the most suitable Director on merit. This ensures that the Board continues to have an appropriate balance of skills and experience.

2. Board responsibility

The Directors' overriding objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of Shareholders and ensures the Company is properly managed. The Board of Directors ultimately takes responsibility for corporate governance and operates in accordance with the Company's Constitution.

The Board's role and responsibilities are set out in the Board Charter.

Responsibility for the operations of the Company is delegated to the Managing Director who manages the Company within the policies set by the Board. The levels of authority for management are also documented.

The Board has also delegated some of its responsibilities to committees. Directors have the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, which will not be unreasonably withheld. A copy of the advice is to be provided to all Directors.

All Directors, managers and employees are expected to act in accordance with Metminco's Code of Conduct.

The external auditor will be requested to attend annual general meetings, and be available to answer questions from the shareholders.

3. Board Committees

The Board has established the following Committees to assist in the execution of its responsibilities.

a) Audit and Risk Committee

The Audit and Risk Committee's role and responsibilities are set out in the Audit and Risk Committee Charter.

b) Remuneration and Nomination Committee

The Remuneration and Nomination Committee's role and responsibilities are set out in the Remuneration and Nomination Committee Charter.

c) Environment, Social, Occupational Health and Safety Committee

The Environment, Social, Occupational Health and Safety Committee's role and responsibilities are set out in the Environment, Social, Occupational Health and Safety Committee Charter.

4. Ethical Standards

Metminco has established a Code of Conduct which provides an ethical and legal framework for all employees in the conduct of Metminco's business. The Code of Conduct defines how Metminco relates to its customers, employees, shareholders and the community in which it operates.

5. Continuous disclosure

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with ASX listing rules, the Corporations Act and AIM Rules in accordance with Metminco's Market Disclosure Policy.

6. Share Trading

Directors, management and other employees as nominated (Designated Persons) are permitted to trade in securities only during open periods subject to not being in possession of price sensitive information in accordance with Metminco's Securities Trading Policy.

A Designated Person seeking to trade in Metminco's securities obtain prior written approval of the Chairman or Company Secretary, as applicable.

7. Related party matters

A Director or employee must advise the Chairman, Managing Director or the Company Secretary where a conflict of interest may arise or could be seen to arise. The reporting party will be required to remove himself/herself from all discussions and decisions involving the matter. The Company may, in extreme cases, take further action.

8. Shareholder relations

The Directors aim to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Company.

Information on all major developments affecting the Company is to be communicated to the shareholders through:

- The Annual Report. The annual report will contain information relevant to the operations of the Group throughout the year as well as changes in the state of affairs of the Group and details of proposals for its future development. In addition, the annual report will include all information required to be disclosed in accordance with the *Corporations Act 2001*;
- Quarterly and half yearly reports. The half yearly report will contain summarised financial information and a review of the operations of the Group throughout the period;
- The Annual General Meeting and other shareholders meetings called to obtain approval for Board action as appropriate. All shareholders who are unable to attend these meetings will be encouraged to communicate issues or ask questions by writing to the Company;
- The Company's web site; and
- Other reports released from time to time containing all relevant information in accordance with the Company's continuous disclosure and other regulatory obligations.

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings and special General Meetings of Metminco Limited, to lodge questions to be responded to by the Board, and are able to appoint proxies.

9. Internal control and risk management

The Board has overall responsibility for the Group's systems of internal control. These systems are designed to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations, with a view to managing the risk of failure to achieve business objectives. It must be recognised that internal control systems can provide only reasonable and not absolute assurance against the risk of material loss.

Areas of operational and financial risks are regularly reviewed by the Board and appropriate risk management strategies considered. The risk, control and reporting profiles are evaluated and presented

to the Board, together with a risk improvement program designed to improve controls and better manage the overall level of risk. Major proposals submitted to the Board for consideration must be accompanied by a comprehensive risk assessment and management's proposed mitigation strategies.

10. Diversity Policy

Metminco's workforce consists of people from diverse backgrounds with a range of skills, values and experiences. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company recognises the organisational strength, deeper problem solving ability and opportunity for innovation that this diversity brings. The Company is committed to providing an environment in which all employees are treated with fairness and respect, and have equal access to opportunities available at work.

Accordingly, the Company aims to continue with this diversity policy over the next few years as director and senior executive positions become vacant and appropriately qualified candidates become available.