



AUDIT & RISK COMMITTEE CHARTER

Introduction

The Board of Metminco Limited (Metminco or the Company) has established an Audit and Risk Committee (Committee) to assist the Board in fulfilling its responsibilities in relation to financial reporting, internal control structure, risk management and the external audit function for Metminco and its subsidiaries (Group).

The role of the Committee is to:

- Ensure the integrity of the Group's internal and external financial reporting including compliance with applicable laws, regulations and codes of conduct.
- Ensure that financial information provided to the Board is of a sufficiently high quality to allow the Board to make informed decisions.
- Ensure that appropriate and effective internal systems and controls are in place to ensure proper financial governance and manage the Group's exposure to risk.
- Oversee the appointment, compensation, retention and oversight of the external auditor, and review of any non-audit services provided by the external auditor.
- Regularly review the performance of the external auditor regarding quality, costs and independence.
- Oversee the frequency, significance and propriety of all transactions with related parties.

Membership

- The Committee and the Committee Chairman will be appointed by the Board and comprises a minimum of three non-executive directors (Members) with the majority being independent. A quorum shall be two Members. Each Member shall have one vote with no casting vote by the Chairman.
- The Chairman of the Committee must be independent and must not be Chairman of the Board.
- The term of appointment as a Member is for one year, with Committee Members generally being eligible for re-appointment subject to the composition requirements for the Committee. Membership of the Committee is disclosed in the Annual Report.
- Executive Directors are not eligible to be Members of the Committee.
- The effect of ceasing to be a Director of the Board is the automatic termination of appointment as a Member of the Committee.
- Committee Members will have a working familiarity with general finance and accounting practices. At least one Member of the Committee should have accounting or related financial management expertise and at least one Member should have a detailed understanding of the mining industry.
- It is appropriate that Members of the Committee have a range of different backgrounds, skills and experiences, having due regard to the operational, financial and strategic risk profile of the Metminco Group.
- The Board may engage outside experts (either as Members or advisers) to strengthen the Committee.

Meetings and Attendance

- The Committee should meet at least three times per year with at least one meeting to review internal controls and risk management. Additional meetings may be held as the work of the Committee demands.
- The Chairman will call a meeting of the Committee if so requested by any Committee Member, Director, Secretary or external auditor.
- The Company Secretary will be Secretary of the Committee.
- As necessary or desirable, the Chairman may invite members of management, representatives of the external auditor to be present at meetings.
- The external audit engagement partner shall be invited to attend meetings of the Committee.
- At each meeting, the Committee will meet with the external auditor without management present.
- Each meeting will be properly notified and an agenda prepared and distributed by the Secretary in conjunction with the Chairman.
- Proceedings of all Committee meetings are minuted and signed by the Chairman.
- The Chairman is to report on any meeting (including recommendations) at the next Metminco Board Meeting.

Duties and Responsibilities

The Committee's primary responsibilities, within the governance structure of the Metminco Group of Companies are to:

- consider the Group's financial statements for the half and full year, including the Managing Director & CFO sign-off to the Board;
- consider and review the scope of work, reports and activities of the external auditor;
- establish policies as appropriate in regards to independence of the external auditor;
- on the basis of information received from the external auditors and management, form a judgment as to the independence of the external auditors;
- consider the appointment and proposed fees of the external auditor and if appropriate conduct a tender of the audit (any recommendation for the appointment of an external auditor will be put to the Board for its approval);
- receive from management information as to their processes for the identification, monitoring and management of significant business risks and review their adequacy; and
- consider the adequacy and effectiveness of the Group internal control systems, compliance structures and risk management systems.

The Committee is not responsible for the day-to-day tasks involved in ensuring the accuracy of the financial statements. That is the role of management. Nor is the Committee liable to micro-manage the finances of Metminco. However, in carrying out these primary responsibilities, the Committee will have regard to:

- the adequacy of resources devoted to the accounting function (including training and succession planning) to ensure that reporting is of a high quality;

- the financial risks faced by Metminco in the course of its operating activities and agree with management, appropriate arrangements to manage and mitigate those risks;
- the appropriateness of schedules of delegated authority within Metminco;
- the adequacy of external financial reporting disclosure(s) to ensure a “true and fair” view and meet Shareholder needs;
- the adequacy of any management representations made in support of the financial statements and in particular accounting for unusual transactions;
- key issues and accounting policies and principles inherent in preparing the financial statements;
- management’s and the external auditor’s satisfaction that the Company has met its obligations with respect to the contents of the financial statements, in particular its obligations under:
 - relevant Accounting Standards
 - the Corporations Act;
- ASX and AIM listing rules;
- the propriety of any related party transactions and the necessary disclosures required by law; and,
- Metminco’s tax planning and compliance processes in meeting its taxation obligations.

In addition, the Committee will:

- provide a line of communication so that employees may raise issues of concern relating to the management of Metminco’s physical and financial resources and the accuracy or sufficiency of information provided to line-managers, the Board or its sub-committees;
- initiate and supervise special investigations or seek external legal advice as required;
- periodically seek advice from the external auditor regarding the completeness and quality of the financial and operational information being provided to senior management and the Board; and,
- request management to undertake post investment reviews of major transactions or capital investments with the aim of assessing the adequacy of the analysis undertaken in support of the decisions to proceed so that the organisation can learn from those experiences and improve its analytical capabilities and reporting processes.

Internal Control and Risk Management

The Committee should review and assess internal processes for determining, monitoring and assessing key risk areas and meet at least annually with management and the external auditors to discuss Metminco’s control environment. In particular, the Committee should consider:

- The design and implementation of risk management and internal control systems to manage the Group’s material business risks including approach to establishment of policies and the management of risks (including economic dependency, operating risks, the adequacy of insurance, business continuity planning and exposures to foreign exchange and interest rates);
- The risk profile of each operating division within the Group;
- Any non-compliance with laws, regulations, standards and best practice guidelines;
- Important judgments and accounting estimates;
- Litigation, claims, fraud and theft; and

- In relation to these risk areas, the Committee shall regularly review Metminco's:
 - Risk Management Policy and systems.
 - Internal control system.
 - Procedures for reporting unusual and/or high risk transactions.
 - Policy and procedure for reporting, actioning and documenting breaches of laws, including fraud and theft.

The Audit Committee should report to the Board on whether it has received assurance from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

External Audit

The Committee makes recommendations to the Board on the appointment, reappointment or replacement, remuneration, monitoring of the effectiveness, and independence of the external auditor.

The Board will select and appoint an external auditor with due regard to best practice and the Corporations Law, as amended from time to time.

The Committee reviews and assesses key risk areas relating to the external audit of Metminco via the Group Audit Service Plan, which is prepared by the external auditor following discussions with management in anticipation of each year's annual audit and half-year review. (The Group Audit Service Plan also includes a statement with respect to the external auditor's independence, its internal quality procedures and its compliance with professional standards and the Corporations Law.)

The Committee will:

- review and assess the independence of the external auditor;
- review the scope of the external audit with the management and the external auditor following the tabling of the Group Audit Service Plan, including:
 - identified risk areas,
 - materiality levels to be used, and
 - any additional agreed-upon procedures;
- confirm with the external auditor that no management restrictions or limitations are placed on the auditor;
- review external audit findings in respect of any significant deficiencies or weaknesses in controls and ensures that management responds appropriately with timely corrective action;
- review non-audit services provided by the external auditor including taxation advice; and,
- disclose in the Annual Report whether or not it believes the level of non-audit services provided by the external auditor is compatible with maintaining auditor independence and should include reasons where appropriate.

Disclosure

In order to maintain transparency, the role of the Committee is to be fully and fairly reported. Consistent with this disclosure policy, the Committee will review all public disclosures and statements concerning the matters the subject of this Charter including disclosures in:

- ASX and AIM filings;

- the Annual Report;
- Corporate Governance Statements;
- The Company's website; and
- press releases.

Review of the Committee's Performance and this Charter

- The Committee will review its performance and compliance with its terms of reference on an annual basis.
- In addition, the Committee will be subject to a periodic comprehensive review including surveys of Directors, Committee Members, external auditors and senior management.

Publication and Review of the Charter

- The Charter is to be reviewed annually by the Committee to ensure it remains consistent with the Committee's objectives and responsibilities. Changes to the Charter are recommended by the Committee and approved by the Board.