



China Polymetallic Mining Limited
中國多金屬礦業有限公司
(the “Company”)

**TERMS OF REFERENCE OF
NOMINATION AND REMUNERATION COMMITTEE**
(the “Committee”)

(Adopted by the Company pursuant to the Board resolution passed on 19 March 2012)

Membership

1. The Committee shall consist of not less than three members appointed by the board of directors of the Company (the “**Board**”), the majority of the members of the Committee shall be independent non-executive directors of the Company.
2. The chairman of the Committee shall be appointed by the Board and must be an independent non-executive director.
3. The members of the Committee shall not have personal financial interest (other than being a shareholder of the Company) and conflicts of interest arising from cross-directorships.
4. The term of membership will be one year from the date of appointment subject to renewal and shall be governed by the provisions of the Articles of Association of the Company.
5. The appointment of the members of the Committee may be revoked, and new appointment be made in place by resolutions passed by the Board and by the Committee.
6. No alternate Committee member can be appointed.

Secretary

7. The company secretary shall be the secretary of the Committee. In the absence of the company secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes.

Proceedings of meetings

8. Unless otherwise specified hereunder, the provisions contained in the Company’s Articles of Association (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Committee.

9. A member of the Committee shall abstain from voting and shall not be counted in the quorum in the meeting in respect of the resolution regarding the remuneration payable to him.

Frequency of meetings

10. The Committee shall meet at least twice a year and one of the meetings shall be held before the holding of an annual general meeting where appointment of directors will be considered. Additional meetings shall be held as the work of the Committee demands.
11. The chairman of the Committee may convene additional meetings at his discretion.

Quorum

12. The quorum of a meeting shall be two members of the Committee of whom at least one is independent non-executive director.

Attendance at meetings

13. Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication or in such other manner as the members may agree.
14. The other directors, company secretary (or his/her delegate(s)) and relevant senior management and persons(s) invited by a Committee member shall normally attend meetings of the Committee.

Notice of meetings

15. A meeting of the Committee may be convened by any of its members or by the company secretary.
16. Unless otherwise agreed by all the members of the Committee, notice of meetings shall be given to all members of the Committee at least seven days before a regular meeting. For all other meetings of the Committee, reasonable notice shall be given.
17. Agenda and accompanying supporting papers shall be sent to all members of the Committee and to other attendees as appropriate at least 3 days before the date of the meeting (or such other period as the members may agree).

Minutes of meetings

18. Draft and final versions of minutes of Committee meetings shall be sent to all Committee members for their comment and records within a reasonable time after the meeting.
19. Minutes of the Committee shall be kept by the company secretary and shall be available for inspection by any member of the Committee or the Board at any reasonable time on reasonable notice.

Written resolutions

20. A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the members of the Committee. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for a Board or Committee meeting to be held.

Authority

21. The authorities of the Committee shall include such authorities set out in the relevant code provisions of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 of the Listing Rules (as amended from time to time).
22. The Committee is authorised by the Board to review, assess and make recommendations upon any issue within its terms of reference and all employees are directed to cooperate as requested by members of the Committee.
23. The Committee is authorised by the Board to obtain outside legal or other independent professional advice if deemed required and to invite the attendance of outsiders with relevant experience and expertise if it considers necessary.
24. The Committee is to be provided with sufficient resources to discharge its duties.

Responsibility

25. The responsibilities of the Committee shall include such responsibilities set out in the relevant code provisions of the CG Code as contained in Appendix 14 of the Listing Rules (as amended from time to time).
26. The Committee is to review and make recommendations concerning the remuneration packages and benefits of the directors and senior management of the Company as an independent and impartial committee, who has no personal financial interest in the package and/or benefits recommended and who, in setting of those remuneration packages, will consider and give due regard to both the performance levels of, and a fair reward for the directors and senior management of the Company and to the interest of all the shareholders of the Company in the light of the financial and commercial circumstances of the Company from time to time. No director shall be involved in deciding his own remuneration.
27. The Committee should consult the chairman of the Board and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.

Duties, powers and functions

28. Without prejudice to any requirement under the CG Code, the duties of the Committee include the following:

A. Nomination functions

- (a) formulate nomination policy for consideration of the Board and implement the nomination policy laid down by the Board;
- (b) without prejudice to the generality of the foregoing:
 - (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
 - (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;
 - (iii) assess the independence of independent non-executive directors;
 - (iv) make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer;
 - (v) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
 - (vi) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Memorandum of Association and the Articles of Association of the Company or imposed by legislation.

B. Remuneration functions

- (a) make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (b) have the delegated responsibility to determine the specific remuneration packages of all 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, and make recommendations to the Board of the remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Company and its subsidiaries and desirability of performance-based remuneration;

- (c) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (d) review and evaluate the performance of individual executive director in the relevant financial year in determining the amount of any discretionary bonus to be payable to him/her;
- (e) determine the time of payment of any such bonus;
- (f) review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- (g) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (h) ensure that no director or any of his/her associates is involved in deciding his/her own remuneration. The Committee shall advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under Rule 13.68 of the Listing Rules;
- (i) consider the granting of share options to directors of the Company pursuant to any share option scheme adopted by the Company;
- (j) ensure due compliance with any relevant disclosure requirements in respect of the remuneration of directors under the Listing Rules, the Companies Ordinance and any other statutory requirements;
- (k) review and make recommendations to the Board regarding the pension arrangements for directors and senior management;
- (l) report to the Board on any suspected irregularities in the reimbursement of unreasonable out-of-pocket expenses of directors;
- (m) review and approve the interim reports, annual reports, announcements and circulars or any publication of the Company regarding information on the remuneration and service contracts of the directors prior to approval by the Board;
- (n) engage such external legal, financial or other professional advisers to assist and/or advise it on issues as it considers necessary;
- (o) conduct exit interviews with any directors and senior management upon their resignation in order to ascertain the reasons for resignation;

- (p) consider other matters, as defined or assigned by the Board from time to time; and
- (q) ensure the chairman of the Committee, or in the absence of the chairman, another member of the Committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting of the Company.

Reporting procedures

- 29. The Committee shall report back to the Board on a regular basis on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 30. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report to the findings and recommendations of the Committee to the Board.
- 31. The secretary of the Committee shall circulate the minutes of meetings and all written resolutions of the Committee to all members of the Board, keeping the Board informed of the Committee's activities, decisions and recommendations on a regular basis.

Annual General Meeting

- 32. The chairman of the Committee or in his absence, another member of the Committee or failing this, his duly appointed delegate, shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the Annual General Meeting on the Committee's work and responsibilities.

Availability and update of the terms of reference

- 33. These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules) in Hong Kong. These terms of reference shall be made available to the public by including the information on the Company's website.

Note: If there is any inconsistency between the English and Chinese versions of this Terms of Reference, the English version shall prevail.