

METALS EXPLORATION PLC

**TERMS OF REFERENCE
FOR REMUNERATION COMMITTEE**

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1. PRELIMINARY

1.1 Definitions

In the terms of reference the following definitions apply:

- “the Committee” shall mean the Remuneration Committee;
- “the Board” shall mean the Board of Directors of Metals Exploration PLC;
- “the Company” shall mean Metals Exploration PLC

1.2 Purpose

The purpose of the Committee is to:

- 1.2.1 provide the packages needed to attract, retain and motivate senior executives and executive directors of the quality required but to avoid paying more than is necessary for this purpose;
- 1.2.2 ensure that the executive directors and other senior executives are fairly rewarded for their individual contribution to the overall performance of the Company;
- 1.2.3 demonstrate to the shareholders that the remuneration of the executive directors is set by a committee of the Board whose members have no personal interest in the outcome of the decisions of that committee and who will have due regard to the interests of the shareholders;
- 1.2.4 assist the Board in applying the principles of Section B of the Combined Code on Corporate Governance where deemed relevant;
- 1.2.5 make recommendations to the Board on the Company's framework of executive remuneration and its costs;
- 1.2.6 ensure that the Company complies with Listing Rule 12.43A(c) (which requires the Board to provide a report to shareholders dealing with various aspects of corporate governance) as if that Listing Rule applied to a company whose shares are traded on AIM;
- 1.2.7 assist the Board in drafting the remuneration report in accordance with Schedule B to the Combined Code on Corporate Governance; and
- 1.2.8 ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Regulations 2002, are fulfilled where deemed appropriate.

2. MEMBERSHIP

2.1 Appointment

Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least two members, all of whom are as far as practicable independent non-executive directors.

2.2 Attendance

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive and external advisers may be invited to attend for all or part of any meeting as and when appropriate.

2.3 Length of Appointment

Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.

2.4 Committee Chairman

The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

3. SECRETARY

The Company Secretary or their nominee shall act as the Secretary of the Committee.

4. QUORUM

The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. MEETINGS

The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require.

6. NOTICE OF MEETINGS

6.1 Summons

Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.

6.2 Notice

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7. MINUTES OF MEETINGS

7.1 Minutes

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

7.2 Circulation

Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

8. ANNUAL GENERAL MEETING

The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

9. DUTIES

9.1 Remuneration

The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the company's Chief Executive, the executive directors, the company secretary if this is a separate position and such other members of the executive management as it is designated to consider and shall have delegated responsibility for setting remuneration for all these personnel. The remuneration of non-executive directors apart from the Chairman shall be a matter for the Chairman and the Chief Executive. The remuneration of the Chairman shall be a matter for all the members of the Board apart from the Chairman. No director or manager shall be involved in any decisions as to their own remuneration. The Committee shall co-ordinate closely with any existing executive directors involved in relation to the remuneration to be offered to any new executive director.

9.2 Remuneration Factors

In determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the company 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 company.

9.3 Review

Review the ongoing appropriateness and relevance of the remuneration policy.

9.4 Targets

Approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such schemes.

9.5 Share Incentive Plans

Review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used.

9.6 Pensions

Determine the policy for, and scope of, pension arrangements for each executive director and other senior executives.

9.7 Termination

Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

9.8 Packages

Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each

executive director and other senior executives including bonuses, incentive payments and share options or other share awards.

9.9 Legal Requirements

In determining such packages and arrangements, give due regard to any relevant legal requirements and the AIM Rules and associated guidance.

9.10 Trends

Review, note annually and advise on as appropriate the remuneration trends including any major changes in employee benefit structures across the company or group.

9.11 Expenses

Agree the policy for authorising claims for expenses from the Chief Executive and Chairman as well as senior executives.

9.12 Consultants

Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee: and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

10. REPORTING RESPONSIBILITIES

10.1 Report

The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

10.2 Recommendations

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

11. OTHER

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

12. AUTHORITY

12.1 Information

The Committee is authorised by the Board to seek any information it requires from any employee of the company in order to perform its duties.

12.2 Outside Advice

In connection with its duties the Committee is authorised by the Board to obtain, at the company's expense, any outside legal or other professional advice.