



**METRO  
MINING  
LIMITED**

# Corporate Governance Statement

ABN: 45 117 763 443

Approved By: Metro Mining Board

Date: 31 December 2018

## Purpose of Principles & Recommendations

The Australian Securities Exchange Listing Rules (ASX Listing Rules) require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX *Corporate Governance Council's Corporate Governance Principles and Recommendations: 3<sup>rd</sup> edition* (ASX Principles) during the reporting period.

The ASX Principles are guidelines to produce efficiency, quality and good governance outcomes.

The ASX Principles are not prescriptive and if a company considers a recommendation inappropriate to its own circumstances the company has flexibility not to follow it. Where a company has not followed all recommendations, the Company's Corporate Governance Statement and Appendix 4G must identify which recommendations have not been followed and provide reasons for not following them.

The ASX Principles are set out below, followed by a statement of the Company's compliance with each recommendation in the reporting period. Where the Company considered it was not appropriate to comply with a recommendation explanatory reasons are provided. The Board considers Metro Mining complies with all relevant ASX Principles.

A full copy of the Company's Principles of Corporate Governance Standard is available at <http://www.metromining.com.au/about-us/corporate-governance/>

## Principle 1.

### Lay Solid Foundations for Management

#### **1.1. *Disclose the respective roles and responsibilities of the board and management and those matters expressly reserved to the board and those delegated to management.***

The powers and obligations of the Board are governed by the Corporations Act (Cth) 2001 (Corporations Act) and general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- Providing leadership and setting the strategic objectives of the entity.
- Monitoring compliance with the Corporations Act, ASX Listing Rules and all relevant laws.
- Developing and monitoring operational and financial targets for the Company.
- Appointment of appropriate staff, consultants and experts to assist in the Company's operations, specifically including the selection of the Chair of the Board and selection and monitoring of a Managing Director/Chief Executive Officer.
- Monitoring that appropriate financial and risk management controls are implemented.
- Overseeing the entity's process for complying with continuous disclosure of all material information concerning the entity.
- Monitoring the effectiveness of the entity's governance practices.
- Setting, monitoring and ensuring appropriate accountability for Directors' and Executive Officers' remuneration.

- Establishing and maintaining communications and relations between the Company and third parties, including its shareholders and ASX by delegating such a role to the Managing Director/Chief Executive Officer and Company Secretary.
- Monitoring performance of the Board in implementing its functions and powers.
- Overseeing the Company including its framework of control and accountability systems to enable risk to be assessed and managed.
- Ratifying appointment and, where appropriate, removal of the Managing Director/Chief Executive Officer, Chief Financial Officer and Company Secretary.
- Contributing to, and final approval of, management's development of corporate strategy and performance objectives.
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance.
- Monitoring senior management's performance, implementation of the strategy and ensuring appropriate resources are available.
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.
- Approving the annual budget and any variations.
- Monitoring the Company's financial performance.
- Liaising with the Company's external auditors.
- Monitoring compliance with all the Company's legal obligations.
- Appointing and overseeing committees where appropriate to assist in the above functions.

**Role of Management:** The Board has delegated responsibilities and authorities to the Managing Director/Chief Executive Officer to enable the Managing Director/Chief Executive Officer to conduct the Company's day to day activities. Matters not covered by these delegations, such as approvals which exceed certain limits or do not form part of the approved budget, require Board approval.

**Board Processes:** The Metro Mining Board meets on a regular basis. The meeting agenda is prepared by the Chairman and Company Secretary in conjunction

with management and relevant information circulated to Board members prior to meetings.

**1.2. Undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.**

The Company engages external lawyers and consultants to perform appropriate due diligence on a prospective appointee before the appointment of any new Director to the Board. This includes legal and qualifications searches, and reference checking.

**1.3. Have a written agreement with each director and senior executive setting out the terms of their appointment.**

Each Director has an appointment letter setting out the appointment term, requirements, the Company induction and training to be provided. It outlines Directors' and Officers' obligations under the law, requirements for compliance with such laws, and the Company's governance policies including Ethics, Share trading policy and Code of Conduct.

As part of the appointment letter, Directors are asked to complete a declaration of their direct and indirect interests in the Company, which is released to the ASX on Form 3X – Initial Directors Interest Notice within 5 business days of appointment.

Directors and Officers also sign a letter of consent for appointment and sign the Company deed of indemnity.

The Company maintains a Directors' and Officers' insurance policy, in respect of which an annual premium is paid.

**1.4. The Company Secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.**

Responsibilities of the Company Secretary include:

- Advising the Board and its committees on governance matters.
- Monitoring that Board and committee policy and procedures are followed.
- Coordinating timely completion and despatch of Board and committee papers.

- Ensuring the business at Board and committee meetings is accurately captured in minutes.
- Helping organise and facilitate induction and professional development of Directors.
- Ensuring the Company complies with regulatory requirements.

The Chair of the Board and Chairs of other Board Committees provide feedback to the Company Secretary on an as-needs basis.

**1.5. Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them, disclose that policy or a summary of it and disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:**

- **the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes);**

**OR**

- **if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**

The Board is committed to having an appropriate blend of diversity for all positions at Metro Mining including the Board and in senior executive positions. The Board has established a policy on gender, age, ethnic and cultural diversity.

The Company endeavours to ensure that appropriately qualified and experienced candidates interviewed for any Board, key management personnel or Company positions will include both genders.

The Board reports on progress in achieving its Diversity Policy objectives on an annual basis.

The Company's performance against the Diversity Policy objectives are as follows:

|                                                       | 31<br>December<br>2018 |                  | 30<br>June<br>2018 |                  |
|-------------------------------------------------------|------------------------|------------------|--------------------|------------------|
| <b>Gender Representation</b>                          | <b>M<br/>(%)</b>       | <b>F<br/>(%)</b> | <b>M<br/>(%)</b>   | <b>F<br/>(%)</b> |
| Board                                                 | 100%                   | -% <sup>1</sup>  | 100%               | -%               |
| Senior executives &/or<br>Key management<br>personnel | 80%                    | 20%              | 60%                | 40%              |
| Company, excluding<br>Board & executives              | 77%                    | 23%              | 48%                | 52%              |

Note 1 – Since the end of the financial period, Ms Fiona Murdoch was appointed as a Director (appointed 11 March 2019).

The Company has established objectives for employment of Traditional Owners and local indigenous communities. The Company continues to exceed employment targets. Further information about the Company's processes of engagement with local communities and Traditional Owners is set out in the Annual Report.

**1.6. Have, and disclose, a process for periodically evaluating the performance of the board, its committees and individual directors and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

Annually, the Chair of the Board discusses Director performance in meetings with Board members. The Chair of the Remuneration and Nomination Committee also provides performance feedback to the Chair of the Board. A Board performance evaluation was undertaken since the end of the financial year period.

The Chairs of the Audit and Risk Committee and the Remuneration and Nomination Committee review the performance of their respective Committees annually against their Charters.

**1.8. Have and disclose a process for periodically evaluating the performance of its senior executives and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The Company has established a performance management system for its senior executives and employees.

Performance is monitored by Managers for their direct reports monthly ensuring that any issues or exceptional performance can be identified and managed appropriately on a timely basis.

The Company has established the Metro Mining Employee Incentive Plan (EIP) to enable the issue of shares, performance rights or options in the Company to senior executives and employees of the Company to assist in the retention and motivation of employees. These equity incentives form part of the Company's Short-Term Incentive Plan (STIP) and Long-Term Incentive Plan (LTIP).

The EIP is linked to Key Performance Indicators (KPIs) which are prepared for each participating employee. KPIs for senior executives are reviewed by the Remuneration and Nomination Committee and approved by the Board.

For more information on Director and senior executive remuneration refer to the Remuneration Report in the financial report.

## **Principle 2.**

### **Structure the Board to Add Value**

**2.1 Have a nomination committee which has at least 3 members, a majority of whom are independent directors, is chaired by an independent director, and disclose the charter of the committee, the members of the committee, and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.**

**If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence**

**and diversity to enable it to discharge its duties and responsibilities effectively.**

The Company has a Remuneration and Nomination Committee which manages nomination responsibilities.

The Remuneration and Nomination Committee Charter is available on the Company website <http://www.metromining.com.au/about-us/corporate-governance/>.

The Committee's membership is outlined in the Directors' Report and membership consists of a majority of independent Directors and has an independent Chair. The Committee meets at least three times per year.

**2.2 Have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership**

Current Directors have a broad range of qualifications, experience and expertise in managing mineral exploration and production companies as set out in the Information on Directors section of the Directors' Report.

The Board Skills Matrix defines the mix of skills and diversity on the Board and/or is looking to achieve.

To contribute to development and implementation of the Company's strategy, and the assessment of management performance, Directors must have skills in the following areas or satisfy the following criteria:

- **Professional Director Skills**, including experience of risk and compliance, financial and audit, strategy, policy development, technology and performance management.
- **Industry Specific Skills**, including greenfield project development, mining and fundraising, ideally in commodities on which the Company strategy is focussed.
- **Interpersonal Skills**, including leadership, ethics and integrity, negotiation and crisis management
- **Diversity and other Aspects**, including, ethnicity, gender, age and previous Board experience.

The skills and qualifications of each Director are outlined in their biographies in the Directors' Report in the financial report.

**2.3 Disclose the names of the directors considered by the board to be independent directors, if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion and the length of service of each director.**

Directors are subject to shareholder re-election and re-election by rotation every 3 years. The Company's Constitution provides that one third of Directors retire by rotation each Annual General Meeting (AGM). Retiring Directors may submit themselves for shareholder re-election including any Director appointed to fill a casual vacancy or recruited since the last AGM.

| Director    | Appointed             | NED | IND | Retiring 19 AGM | re-Appt 19 AGM |
|-------------|-----------------------|-----|-----|-----------------|----------------|
| S. Everett  | 12/07/12              | Yes | Yes | No              | No             |
| S. Finnis   | 06/0/17               | No  | No  | No              | No             |
| P. Hennessy | 30/09/14              | Yes | Yes | Yes             | Yes            |
| M. Sawyer   | 28/07/16              | Yes | No  | No              | No             |
| F. Murdoch  | 11/03/19              | Yes | Yes | Yes             | Yes            |
| L. Ward     | 04/10/11 <sup>1</sup> | Yes | Yes | N/A             | N/A            |
| G. Lloyd    | 08/04/15 <sup>2</sup> | Yes | Yes | N/A             | N/A            |
| X. Yuan     | 27/07/18 <sup>3</sup> | Yes | No  | N/A             | N/A            |

Note 1 – resigned 26 February 2019

Note 2 – resigned 26 September 2018

Note 3 – resigned 20 November 2018

**2.4 A majority of the board of a listed entity should be independent directors.**

At the date of this report the Board comprises five directors, three of whom are independent Non-Executive Directors.

The Board has adopted guidelines, set out in the Board Charter, which are used to determine the independence of Directors and which reflect the definition of independence listed in the ASX Principles. Based on those guidelines the Board considers Stephen Everett, Philip Hennessy, George Lloyd, Lindsay Ward and Fiona Murdoch are/were independent Non-Executive Directors.

Mark Sawyer represents Greenstone LLP, one of the Company's largest shareholders with a 19.75%

shareholding. Xiaoming Yuan represented one of the Company's substantial shareholders, DADI Engineering Group, with a 5.65% shareholding.

Each Director has an ongoing responsibility to determine if they have a conflict of interest, whether direct, indirect, real or potential, that may impede their impartial decision-making. Directors are required to disclose to the Board details of any transactions or interests that may create a conflict of interest. Metro Mining Limited's Constitution expressly forbids a Director voting on a matter in which they have a direct or indirect material personal interest as defined in section 195 of the Corporations Act to the extent that it is prohibited by the Corporations Act or ASX Listing Rules.

**2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.**

The Chair of the Board is an independent Non-Executive Director, whose position is separate to that of the Managing Directors/Chief Executive Officer.

**2.6 Have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.**

**Director Induction Process:** New Board Directors follow an induction process, which includes an overview of, and access to, Company policies and information such as:

- Company Code of Conduct.
- Company policies and procedures.
- Company records including past Board and Committee meeting minutes and the Company constitution
- Access to online Board records portal including access to governance tools, relevant regulatory articles and professional development materials.

**Director Professional Advice and Development:** The Company acknowledges that Directors require quality information and advice to base their decisions and considerations. With prior approval of the Chair of the Board all Directors have the right to seek independent legal and other professional advice at



the Company's expense concerning any aspect of the Company's operations or undertakings to fulfil their duties and responsibilities as Directors. If the Chair of the Board is unable or unwilling to give approval, Board approval is sufficient. Directors are also encouraged to continue professional development as required.

### Principle 3.

#### Act Ethically and Responsibly

##### **3.1 Have a code of conduct for its directors, senior executives and employees, and disclose that code or a summary of it.**

As part of the Board's commitment to the highest standard of conduct the Company has a Code of Conduct to guide executives and employees in carrying out their duties and responsibilities. The Code of Conduct covers matters such as:

- Responsibilities to shareholders.
- Compliance with laws and regulations.
- Relations with customers and suppliers.
- Ethical responsibilities.
- Employment practices; and
- Responsibility to environment and community.

The Company has an Anti-Bribery and Corruption Policy, which covers matters such as:

- Zero tolerance for and strict prohibition of bribery and corruption in all business dealings.
- Requirements for contractors and sub-contractors to comply with the policy.
- Transparency in all transactions.

The Company has a Whistleblower Policy that encourages and offers protection for staff to report, in good faith, any behaviour, practice, or activity that they have reasonable grounds to believe involves:

- Unethical or improper conduct.
- Financial malpractice, impropriety or fraud.
- Contravention or suspected contravention of legal or regulatory provisions.
- Auditing non-disclosure or manipulation of the internal or external audit process.

An independent Whistleblower hotline is available to employees who wish to make an anonymous or confidential complaint, or a formal complaint process can be initiated to designated officers within the Company.

These policies are contained on the Company's website <http://www.metromining.com.au/about-us/corporate-governance/>

### Principle 4.

#### Safeguard Integrity in Corporate Reporting

##### **4.1 The board should have an audit committee that:**

- **has at least three members**
- **all of whom are non-executive directors**
- **a majority of whom are independent directors**
- **is chaired by an independent director, who is not the chair of the board**
- **discloses the charter of the committee, the relevant qualifications and experience of the members of the committee, and in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.**

The Audit and Risk Committee Charter is contained on the Company's website

<http://www.metromining.com.au/about-us/corporate-governance/>

The Audit and Risk Committee consists of four members three of whom are independent Non-Executive Directors. The Committee has an independent Chair who is not the Chair of the Board.

The Committee members, the number of times the Committee met during the period and individual attendances at the meetings are disclosed in the Directors' Report in the year-end financial statements. The Audit and Risk Committee meets at least four times annually and on an as needs basis.

**4.3 The board should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

In accordance with section 295A of the Corporations Act the Managing Director/Chief Executive Officer and Chief Financial Officer provide a declaration to the Board that, in their view:

- Information provided in the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

**4.3 Ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.**

The Company's External Auditor is present at Annual General Meetings to answer any queries shareholders may have about the audit and preparation and content of the Audit Report.

## Principle 5.

### Make Timely and Balanced Disclosure

**5.1 Have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.**

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market.

In accordance with continuous disclosure requirements of the ASX Listing Rules the Company has procedures in place to ensure all

price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. All information disclosed to the ASX is posted on the Company's website

<http://www.metromining.com.au/investor-media-centre/announcements/>

The Company has a Continuous Disclosure Policy available at <http://www.metromining.com.au/about-us/corporate-governance/>

The Company has a Share Trading Policy which sets out the procedure for trading in Securities of the Company. It provides Directors and Employees and any other persons who may be associated with the Company with guidance on how and when trades in the Company's Securities may take place and when trading of the Company's Securities is strictly prohibited.

The Policy is intended to ensure that persons who are discharging managerial responsibilities including but not limited to Directors, do not abuse, and do not place themselves under suspicion of abusing Inside Information that they may be thought to have, especially in periods leading up to an announcement of the Company.

The Share Trading Policy is available at <http://www.metromining.com.au/about-us/corporate-governance/>

## Principle 6.

### Respect the Rights of Security Holders

**6.1 Provide information about the Company and its governance to investors via its website.**

Shareholders are provided documents relating to each AGM which includes the Annual Report, the Notice of Meeting, Explanatory Memorandum and Proxy Form, and are invited to attend these meetings.

The Company actively encourages shareholders to provide their email contact details so all material ASX releases can be received upon release to market.

## **6.2 Design and implement an investor relations program to facilitate effective two-way communication with investors.**

A newsletter "Keeping You Informed" is emailed via the Company's web-based program "campaign monitor" to all investors subscribed via the Company website.

Investors are encouraged to contact the Company via the email addresses provided on the Company's website. Any enquires or emails received are answered in a timely manner. Shareholders are also able to call the Company and will receive appropriate advice and information.

## **6.3 Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.**

The Company's Policies and Processes are available to shareholders at <http://www.metromining.com.au/about-us/corporate-governance/>

## **6.4 Give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.**

At the time of registering a new shareholder's shareholding the Company's Share Registry, Link Market Services, asks new shareholders if they would like to receive information electronically.

## **Principle 7.**

### **Recognise and Manage Risk**

#### **7.1 Have a committee or committees to oversee risk, each of which has at least three members, a majority of whom are independent directors; and is chaired by an independent director, and disclose the charter of the committee, the members of the committee, and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.**

The Company has an Audit and Risk Committee chaired by an independent Director. The Committee members, the number of times the Committee met during the period and individual attendances at meetings are disclosed in the Directors' Report at the

end of each reporting period. The Committee's Charter is disclosed on the company's website. <http://www.metromining.com.au/about-us/corporate-governance/>

#### **7.2 Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.**

The Board monitors the operational and financial aspects of the Company's activities and is responsible for the on-going review of business risks that could affect the Company. The Board has established an Audit and Risk Committee which operates under the Audit and Risk Committee Charter.

The Audit and Risk Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to risk management of the Company by;

- Monitoring whether Directors and management establish a risk aware culture that reflects the Company's risk policies and philosophies.
- Defining and periodically reviewing risk management as it applies to the Company and identifying all stakeholders.
- Monitoring the development and updating of an appropriate risk management policy framework that will provide guidance to management in implementing appropriate risk management practices throughout the Company's operations, practices and systems.
- Ensuring the Committee communicates the Company's risk management philosophy, policies and strategies to Directors, management, employees, contractors and appropriate stakeholders.
- Reviewing methods of identifying areas of risk and setting parameters or guidelines for business risk reviews.
- Making recommendations regarding business risk management, internal control systems, business policies and practices and disclosures.
- Considering capital raising, treasury and market trading activities with particular emphasis on risk



treatment strategies, products and levels of authorities.

**7.3 Disclose if it has an internal audit function, how the function is structured and what role it performs.**

***If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.***

The Board considers the Company is not yet of a sufficient size for a formal internal audit function. The Company relies on the external auditor and management to identify areas of non-compliance with internal controls which are then reported to the Audit and Risk Committee.

In the reporting period the Board also engaged external consultants to conduct risk and controls reviews and as the Company grows will consider the need for an internal audit function.

**7.4 Disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks**

The Material Business Risks faced by the Company that may have a material impact, and how those risks are managed, are detailed in the Directors' Report in the year-end financial statements. The categories of Material Business Risks described in the Directors' Report in the current financial period are:

- Fluctuation in commodity prices and the Australian dollar.
- Mineral resources and ore reserves.
- Replacement of depleted reserves.
- Mining risks and insurance risks.
- Production and cost estimates.
- Sovereign risk and concentration of customers.
- Marketing risk.
- Environmental, health and safety, and permits.
- Community relations.

## Principle 8.

### Remunerate Fairly and Responsibility

**8.1 Have a remuneration committee which has at least three members, a majority of whom are independent directors, is chaired by an independent director, and disclose the charter**

***of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings***

The Company has a Remuneration and Nomination Committee which is chaired by an independent Director. The Committee consists of four members three of whom are independent Non-Executive Directors. The Committee has an independent Chair who is not the Chair of the Board.

The Committee members, the number of times the Committee met throughout the period and individual attendances at meetings are disclosed in the Directors' Report in the financial report.

***Separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.***

### Disclosure of Policies and Practices of Director and Remuneration and Senior Executives

The Company periodically engages an independent consultant to benchmark Board and senior executive remuneration. The purpose of the benchmarking is to ensure that remuneration offered by the Company is competitive in the market and appropriate for the Company's circumstances.

For senior executives and employees the Company has a performance management system (described under Principle 1 section 1.7).

Senior executives and employees are offered a remuneration package comprising a fixed amount of salary (plus Superannuation Guarantee of 9.5%) **(Fixed remuneration)** together with an opportunity to participate in a Short-Term Incentive Plan (STIP) **(Performance-based remuneration)** and Long-Term Incentive Plan (LTIP).

The main aims of the STIP and LTIP plans are:

- To bring senior executives reward packages in line with other senior executives in the mining industry thus aiding retention.
- To demonstrate to shareholders a link between reward and performance.

- To assist in aligning senior management and executives with company strategy.
- To align long term performance with key executives.

The STIP and LTIP will only vest when the Company achieves its financial goals. Success is measured against the following criteria:

- Achievement of specific objectives referred to as Milestones within an agreed time.
- Achieving performance standards matched against KPIs over the Performance Year/s (Feb–Jan each year (STIP), or 3 year-period (LTIP)).
- Exceeding the Performance Gateway.
- The Board reserves the right to suspend the scheme at any time it considers if the Company is not in a financial position that would warrant incentives being awarded.

#### **Key Features of the Company STIP**

- Individuals will be awarded Performance Rights at the start of the Performance Year (Jan–Dec) based on the achievement of Milestones or KPIs as agreed between them and their Manager and authorised by the Board.
- The STIP has incentives linked to individual KPIs, and Group wide safety and operating KPIs which are prepared for each employee and then reviewed by the Remuneration and Nomination Committee and approved by the Board for senior executives. The KPIs include specific milestones and goals that have a link to the Company's performance and success.
- When determining the number of Performance Rights issued the value calculation will be made based on the Company VWAP for December in the year prior to issue; it is then in the participant's interest to perform in a way that will increase the value of their potential bonus and aligns them with the aim of increasing shareholder value. The linkage provides an ongoing alignment between an individual's activities and the aim of increasing shareholder value which would not exist if cash bonuses were offered instead of Performance Rights.

- Performance Rights vest at the end of the Performance Year when KPIs are measured.
- On vesting Metro Mining, will issue one ordinary share for each Performance Right.
- Max % refers to percentage of employee's Base Salary excluding superannuation or other allowances.
- Employees are not be permitted to sell any shares issued under the scheme for 12-calendar months from date the shares are issued.
- Minimum Performance Gateway: To ensure staff members focus on all areas of their role and that individuals do not solely concentrate on milestones connected to bonuses the incentive plan is linked to Metro Mining's Performance Management System. For individuals to earn Performance Rights they must continue to perform to standard in all areas of their role. Staff members that are awarded three or more Yellow Grades or one or more Red Grades in the year in which the Performance Rights relate forfeit their right to performance bonuses and any performance rights already awarded will automatically lapse.
- On termination, an individual's Performance Rights will automatically lapse. Milestones achieved before the individual's employment contract has ended will be awarded but there will be no consideration towards partly achieved objectives.
- The total number of Performance Rights to be issued by the Company to Eligible Participants in respect of which either Shares or Options have been issued under the Scheme shall not at any time exceed five percent (5%) of the Company's total issued ordinary Share capital in that class at the time when aggregated.
- Performance Rights will be issued based on the value of one ordinary share calculated using VWAP as reported on or around the ASX, on 1 January.

## Maximum STIP Rewards

The below table describes the level of participation across the management ranks as a percentage of Total Fixed Remuneration excluding Superannuation.

| Position          | Max % |
|-------------------|-------|
| MD/CEO            | 35%   |
| Senior executives | 25%   |
| Other employees   | 10%   |

For more information on Director and executive remuneration refer to the Remuneration Report in the financial report.

## Key Features of the Company LTIP

- Performance Rights will be granted annually based on a percentage of a participant's annual base salary.
- Performance Rights will vest on the Company achieving the milestones as determined by the Board.
- Vesting of Performance Rights will occur at the end of the 3-year period from grant.
- Milestones will be approved by the Remuneration and Nomination Committee.
- The LTI has 60% of the incentive linked to achievement of the Company's longer term strategic objectives and are prepared for the Executive Team by the Remuneration and Nomination Committee and approved by the Board for executives. The KPIs include specific milestones and goals that have a strong relationship to the Company's performance and success. KPIs include milestones such as achieving the Company's target Return on Invested Capital and Return on Sales.
- The other 40% of the LTI is linked to Total Shareholder Return ('TSR') which compares the Company share price against the S&P/ASX 300 Metal and Mining Index (ASX: XMM).
- The Company's share price must increase by at least 40% above the change in the index for the full 40% TSR to be granted and operates on a sliding scale to the point at which there are

no TSR benefits to the employee if the Company share price reduces when compared to the index movement. The period for measuring the movement is 36-months, similar to the performance period for the strategic KPIs.

- When determining the number of Performance Rights issued the value calculation will be made based on the Company VWAP for December in the year prior to issue.
- Typical performance hurdle conditions are milestone focussed on the broader business goals of Metro. Business performance is linked to high bar targets; targets above and beyond that of an expected performance.
- The LTI plan is limited to the MD and the Senior Executive Level (direct reports of the MD). The scheme will issue long-term performance rights to the MD and executive management team, expressed as a percentage of base salaries, as follows:

| Position          | Max % |
|-------------------|-------|
| MD/CEO            | 50%   |
| Senior Executives | 30%   |
| Other employees   | 0%    |

If milestones are exceeded the Board will consider whether additional rights will be granted (at the discretion of the Board).

### **8.3 In relation to its equity-based remuneration scheme, have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme, and disclose that policy or a summary of it.**

The Metro Mining Employee Incentive Plan (EIP) specifically prohibits recipients under the scheme from entering into transactions which limit the economic risk of participating in the scheme.

A summary of the terms of the EIP is available on the ASX website, under the Company's announcements (ASX: MMI).