



Director Selection and Appointment Process

Adopted by the Board on 28th July 2009

1. Introduction

Ultimately the directors are elected by the shareholders of Centrex Metals Limited. However, the Board plays an important role in the selection and recommendation of potential directors for shareholder vote. While the Board has not delegated this function to a Board committee, the Remuneration & Nomination Committee has a role to consider succession planning issues generally in respect of the company. As such this committee from time to time may make recommendations to the Board concerning the selection and appointment of directors.

2. Policy for Nomination and Appointment of Directors

The constitution and the ASX Listing Rules set out processes for the nomination of directors. In addition to adhering to these requirements, the Board will regularly, but at least annually, review the size and composition of the Board to ensure that it continues to have the right mix of experience and competencies to fulfil its responsibilities effectively. The type of desirable competencies of directors is set out below. The selection and appointment process is detailed below.

3. Selection and Appointment Process

In undertaking the review referred to above, the Board will determine if a director should be appointed to the Board either as an additional director or to fill a vacancy.

The Board may, with the help of external consultants, if necessary, and with internal industry experience, select a candidate or candidates. A candidate's suitability will be measured against the general criteria set out below. To meet the current needs of the company, and to best complement Board effectiveness, additional or specific criteria may be utilised.

A candidate selected by the Board will be approached by the Chairman with or without the Managing Director to determine his or her interest in joining the Board. The candidate will be given information about the role, responsibility, contribution and time commitment such an appointment would entail and the remuneration, terms and conditions of the appointment. A candidate for appointment as a non-executive director must indicate if he or she has sufficient time to devote to the tasks required of a director of the company.

If the candidate accepts an appointment, the Board will appoint the new director during the year, and in accordance with the constitution and the ASX Listing Rules, that person will then stand for election by shareholders at the next annual general meeting of the company. Prior to the meeting, shareholders will be given the information required by law to consider the candidate for election.

4. Competencies – Criteria

The following broad categories have been identified as desirable competencies of Board members:

- industry knowledge or ability to acquire that knowledge;
- independence determined in accordance with the company's policy on independence (where relevant);
- personal and professional integrity, good communication skills and ability to work harmoniously with fellow directors and management;
- demonstrated and recognised knowledge, experience and competence in business including financial literacy;
- ability to analyse information, think strategically and review and challenge management in order to make informed decisions and assess performance.

5. Re-election of Directors

The constitution of the company and the ASX Listing Rules require that at each annual general meeting one third of the directors (excluding the Managing Director) together with any director appointed since the last annual general meeting, retire from office. Retiring directors are eligible for re-election.

When offering themselves for re-election a retiring non-executive director must indicate to the company if he or she has sufficient time to devote to the tasks required of a director of the company.