



METALS FINANCE LIMITED

SPECIALISTS IN METAL RECOVERY

CORPORATE GOVERNANCE CHARTER

**METALS FINANCE LIMITED ABN 83 127 131 604
(Company)**

METALS FINANCE LIMITED

CORPORATE GOVERNANCE CHARTER

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SECTION A DEFINITIONS

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| ASIC | the Australian Securities and Investments Commission. |
| ASX | ASX Limited ABN 98 008 624 691. |
| ASX Listing Rules or Listing Rules | the Official Listing Rules of the ASX as amended or replaced from time to time. |
| Audit Committee | that Committee charged with determining, implementing and assessing controls for financial management and financial reporting generally for the Company. |
| Board | board of directors of the Company. |
| Charter | the charter of any Committee set out in this Corporate Governance Charter. |
| Closed Period | a period of fifteen (15) business days prior to release by the Company of half yearly and annual reports, when Key Management Personnel are prohibited from trading the Company's securities. |
| Committee | each committee created by the Board including without limitation, the Remuneration, Nomination, and Audit Committees. |
| Company | Metals Finance Limited ABN 83 127 131 604 |
| Constitution | the Constitution of the Company |
| Corporate Ethics Policy | the policy set out in Section G setting out directors' duties given their position with the Company, obligations with respect to trading in securities and general disclosure obligations. |
| Corporate Governance Committee | the Committee charged with reviewing compliance by the Board with amongst other matters, the provisions of this document. |
| Corporate Governance Principles and Recommendations | the Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition 2007) issued on 30 th June 2010 by the ASX Corporate Governance Council. |
| Corporate Governance Charter | the policies, procedures and charters set out in this document. |
| Corporations Act | the Corporations Act 2001 (Cth) as amended or replaced from time to time. |
| Independent | a director who has a sufficient level of independence to the Company, determined in accordance with Section B.3 of this document. |
| Key Management Personnel | those persons having authority and responsibility for planning, directing and controlling the activities of the Company or its related entities, directly or indirectly, including any director (whether executive or otherwise) of the Company or its related entities. |
| Management | the executive directors and senior management of the Company. |
| Principle | a principle set out in the Corporate Governance Principles and Recommendations |

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| Prohibited Period | (i) any Closed Period; or (ii) additional periods when Key Management Personnel are prohibited from trading the Company's securities, which are imposed by the Company from time to time when the Company is considering matters which are subject to Listing Rule 3.1A. |
| Nominations Committee | the Committee for assisting the Board in relation to the appointment of members to the Board and of senior management and in assessing the performance of such individuals. |
| Recommendation | A recommendation in the corporate Governance Principles and Recommendations |
| Remuneration Committee | the Committee charged with reviewing remuneration levels for directors and senior management |
| Standing Rules | the general and procedural rules of each Committee set out in SECTION F of this Corporate Governance Policy. |

SECTION B - PRINCIPLES OF CORPORATE GOVERNANCE

B.1 INTRODUCTION

The Board and Management are committed to corporate governance and to the extent they are applicable to the Company, have adopted the Corporate Governance Principles.

The ASX Corporate Governance Council encourages companies to use the guidance stated in the Corporate Governance Principles and Recommendations as a focus for their corporate governance practices. The principles (Principles) are reproduced in full below:

- (a) Principle 1 – Lay solid foundations for management and oversight. Companies should establish and disclose the respective roles and responsibilities of board and management.
- (b) Principle 2 – Structure the Board to add value. Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.
- (c) Principle 3 – Promote ethical and responsible decision-making. Companies should actively promote ethical and responsible decision-making.
- (d) Principle 4 – Safeguard integrity in financial reporting. Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.
- (e) Principle 5 – Make timely and balanced disclosure. Companies should promote timely and balanced disclosure of all material matters concerning the company.
- (f) Principle 6 – Respect the rights of shareholders. Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.
- (g) Principle 7 – Recognise and manage risk. Companies should establish a sound system of risk oversight and management and internal control.
- (h) Principle 8 – Remunerate fairly and responsibly. Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

This document sets out a high level discussion of the various aspects of governance practice including the sorts of committees that can be established to assist the Board with its operations.

B.2 CORPORATE GOVERNANCE STATEMENT AND MONITORING

(a) Statement

The Company's Corporate Governance Statement will be reviewed and updated on a regular basis and will appear on the Company's website <http://www.metalsfinance.com>, with a summary in the Annual Report.

(b) Compliance Monitoring

To monitor and ensure compliance with the Corporate Governance Principles, a table setting out the Corporate Governance Principles and each Principle's recommendations and the manner in which the Company complies is set out in Annexure A.

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B.3 BOARD OF DIRECTORS

(a) General

This document sets out the main principles adopted by the Board in order to implement and maintain a culture of good corporate governance both internally and in its dealings with outsiders.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The matters set out in this document are subject to the Corporations Act, the Constitution and the ASX Listing Rules.

The purpose of preparing and disclosing the matters set out in this document are to:

- (i) formalise procedures to ensure the Company and the Board act in a transparent and appropriate manner in both its internal and external dealings;
- (ii) ensure that appropriate checks, balances and procedures are in place to monitor the operations of the Company and those charged with its management; and
- (iii) provide for a transparent method for shareholders to evaluate the performance of the Company from a corporate governance perspective.

In preparing and implementing these strategies, the Company and the Board are mindful of the Corporate Governance Principles and Recommendations.

(b) Functions, Powers and Responsibilities of the Board (Principle 1)

Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law.

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

- (i) Ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
- (ii) Developing, implementing and monitoring operational and financial targets for the Company;
- (iii) Appointing appropriate staff, consultants and experts to assist in the Company's operations, including the selection and monitoring of a chief executive officer;
- (iv) Ensuring appropriate financial and risk management controls are implemented;
- (v) Approving and monitoring financial and other reporting;
- (vi) Setting, monitoring and ensuring appropriate accountability for directors' and executive officers' remuneration;
- (vii) Establishing and maintaining a communications policy for promoting effective communications and relations between the Company and third parties, including its shareholders and ASX (Principle 6, Recommendation 6.1);
- (viii) Implementing and disclosing appropriate strategies to monitor performance of the Board in implementing its functions and powers (Principle 1, Recommendation 1.2; Principle 2, Recommendation 2.5);

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- (ix) Oversight of the Company including its framework of control and accountability systems to enable risk to be assessed and managed (Principle 1, Recommendation 1.1);
- (x) Appointing and removing the chief executive officer (Principle 1, Recommendation 1.1);
- (xi) Ratifying the appointment and, where appropriate, removal of the chief financial officer and the Company secretary (Principle 1, Recommendation 1.1);
- (xii) Input into and final approval of Management's development of corporate strategy and performance objectives (Principle 1, Recommendation 1.1);
- (xiii) Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance (Principle 7, Recommendation 7.2);
- (xiv) Monitoring senior Management's performance, implementation of strategy and ensuring appropriate resources are available (Principle 1, Recommendation 1.1);
- (xv) Ensuring appropriate resources are available to senior executives (Principle 1, Recommendation 1.1);
- (xvi) Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures (Principle 1, Recommendation 1.1);
- (xvii) Approval of the annual budget;
- (xviii) Monitoring the financial performance of the Company;
- (xix) Liaising with the Company's external auditors;
- (xx) Monitoring, and ensuring compliance with, all of the Company's legal obligations;
- (xxi) Approving and monitoring financial and other reporting (Principle 1, Recommendation 1.1);
- (xxii) Where appropriate, appointing and overseeing Committees to assist in the above functions and powers.

(c) Structure of the Board (Principle 2)

The structure of the Board is determined in accordance with the following principles:

- (i) to aim for, so far as is practicable given the size of the Company, a majority of the Board being independent directors (Principle 2, Recommendation 2.1);
- (ii) to aim for, so far as is practicable given the size of the Company, the appointment of a chairperson who is an independent director (Principle 2, Recommendation 2.2);
- (iii) to aim for, so far as is practicable given the size of the Company, a chairperson who is not the chief executive officer (Principle 2, Recommendation 2.3);
- (iv) to aim for, so far as is practicable given the size of the Company, to have a Nominations Committee (Principle 2, Recommendation 2.4); and
- (v) to have at least three directors.

In assessing the independence of directors, the Company has regard to Principle 2 Recommendation 2.1 of the Corporate Governance Principles and regards an independent director as a non-executive director who is not a member of Management and who is free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement and who:

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- (i) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (ii) within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- (iii) within the last three years has not been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- (iv) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- (v) has no material contractual relationship with the Company or another group member other than as a director of the Company.

The Board of five (5) directors consists of a majority of three (3) independent directors:

- (i) Geoffrey Hill Non-Executive Chairperson and substantial shareholder;
- (ii) P Anthony Treasure Executive Director / Chief Executive Officer;
- (iii) Richard Anthon Non-Executive Director;
- (iv) Simon Bird Non-Executive Director; and
- (v) Michael Gunn Non-Executive Director.

B.4 THE CHAIRPERSON

The Chairperson is responsible for leadership of the Board, for efficient organisation and conduct of the Board's functions (Principle 2, Recommendation 2.2) and the briefing of all directors in relation to issues arising at Board meetings. The Chairperson is also responsible for shareholder communication and arranging Board performance evaluation.

B.5 CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

The Chief Executive Officer or Managing Director (if any) is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board. In carrying out his/her responsibilities, the Chief Executive Officer or Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.

The Chief Executive Officer or Managing Director (if any) (together with the Chief Financial Officer, if there is one) shall be required to state in writing to the Board that the financial reports of the Company represent a true and fair view in all material respects, of the Company's financial conditions and operating results and are in accordance with relevant accounting standards.

B.6 CORPORATE ETHICS - PROMOTING ETHICAL AND RESPONSIBLE DECISION MAKING

The Company has adopted a separate Corporate Ethics Policy which has been agreed to by each member of the Board, setting out, in addition to these principles, the obligations of integrity and honesty on each member of the Board and disclosure to the ASX (Principle 3, Recommendation 3.1).

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In addition to the Corporate Ethics Policy, the Company also adheres to the following statement of principles and responsibilities with respect to both its internal dealings with employees and consultants, and external dealings with shareholders and the community at large.

B.7 CORPORATE CODE OF CONDUCT

(a) Introduction

This code of conduct sets out the standard which the Board, Management and employees of the Company are encouraged to comply with when dealing with each other, shareholders, and the broader community.

(b) Commitment of the Board and Management to Corporate Code of Conduct

The Board and Management approve and endorse this code of conduct.

The Board and Management encourage all staff to consider the principles of the code and use them as a guide to determine how to respond when acting on behalf of the Company.

(c) Responsibilities to Shareholders and the Financial Community Generally

The Company aims:

- (i) to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community;
- (ii) comply with systems of control and accountability which the Company has in place as part of its corporate governance; and
- (iii) to act with honesty, integrity and fairness.

(d) Responsibilities to Clients, Customers and Consumers

The Company is to comply with all legislative and common law requirements which affect its business. Any transgression from the applicable legal rules is to be reported to the Management as soon as a person becomes aware of such a transgression.

(e) Employment Practices

The Company will employ the best available staff with skills required to carry out their roles.

The Company will ensure a safe work place and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities.

(f) Responsibility to the Community

The Company will recognise, consider and respect legal requirements impacting upon its operations and comply with all applicable legal requirements.

The Company will act with honesty, integrity and fairness in all dealings with the community.

(g) Responsibility to the Individual

The Company recognises and respects the rights of individuals and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges, private and confidential information.

The Company and the Board will maintain the confidentiality of Company's and our shareholders', customers' and suppliers' information, unless required to be disclosed by law.

(h) Obligations Relative to Fair Trading and Dealing

The Company will deal with others in a way that is fair and will not engage in deceptive practices.

(i) Conflicts of Interest

The Board, Management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company (excluding those matters which may be subject to legal professional privilege). Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairperson in the case of a Board member or the Managing Director (if any), the Managing Director or Chief Executive Officer in the case of a member of Management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner for all concerned.

(j) Compliance with the Code

Any breach of compliance with this code is to be reported directly to the Chief Executive Officer, Managing Director or Chairperson, as appropriate.

(k) Periodic Review of Code

The Company will monitor compliance with the code periodically by liaising with the Board, Management and staff especially in relation to any areas of difficulty which arise from the code and any other ideas or suggestions for improvement of the code.

Suggestions for improvements or amendments to the code can be made at any time.

(l) Code of Conduct for employees (and contractors)

The Company shall ensure that the above principles are implemented and adopted by employees and contractors of the Company by importing the following principles into the terms of such engagements:

- (i) To actively promote the highest standards of ethics and integrity in carrying out their duties for the Company;
- (ii) Disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company;
- (iii) Respect confidentiality of all information of a confidential nature which is acquired in the course of the Company's business and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated;

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- (iv) Deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates;
- (v) Protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these are used for personal gain or to compete with the Company;
- (vi) The Company is committed to the ideal of equal employment opportunity and to providing a workplace that is free of harassment and discrimination. To this end the Company will observe the rule and spirit of the legal and regulatory environment in which the Company operates;
- (vii) Report any breach of this code of conduct to Management, who will treat reports made in good faith of such violations with respect and in confidence.

B.8 SELECTION OF EXTERNAL AUDITOR AND ROTATION OF AUDIT ENGAGEMENT PARTNER

(a) Responsibility

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be approved by shareholders at the next annual general meeting of the Company.

(b) Selection Criteria

Mandatory criteria

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further the successful candidate must have arrangement in place for the rotation of the audit engagement partner on a regular basis.

Other criteria

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

(c) Review

The Audit Committee will review the performance of the external auditor on an annual basis.

B.9 COMMITTEES

As set out in Section B.3, one of the functions of the Board is to form and monitor any special purpose Committees established to review certain aspects of the operations of the Company, having regard to these principles.

The Company has established the following Committees for this purpose:

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- (i) Audit Committee (Principle 4, Recommendation 4.1); and
- (ii) Remuneration Committee (Principle 8, Recommendation 8.1).

The Charters of each of these Committees are set out in this document.

SECTION C - AUDIT COMMITTEE CHARTER

C.1 COMMITTEE MEMBERS

The Board has established an Audit Committee (Principle 4, Recommendation 4.1). The Audit Committee is to consist of the following:

- (a) Only non-executive directors;
- (b) A majority of independent directors;
- (c) An Independent Chairperson who is not Chairperson of the Board; and
- (d) Two members, but where there are not two or more non-executive directors of the Company, the Board may appoint executive directors to the Committee.

Each member of the Audit Committee is to be financially literate and at least one member of the Committee is to have accounting or related financial management experience.

The members of the Audit Committee are:

- (a) Simon Bird (Audit Committee Chairperson) Non-Executive Director; and
- (b) Richard Anthon Non-Executive Director.

The Company secretary and representatives of the auditors may be invited to form part of the Audit Committee from time to time.

C.2 PURPOSE

- (a) The Audit Committee Charter (the **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Audit Committee of the Company and the procedures for inviting non-Committee members to attend meeting.
- (b) Key features of the Charter will be outlined in the Annual Report. The Charter is available to shareholders of the Company upon request.

C.3 DEFINITION AND OBJECTIVES OF THE COMMITTEE

- (a) The Audit Committee (the **Committee**) is a Committee of the Board.
- (b) The Committee's primary function is to approve all financial statements issued by the Company and to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by:
 - (i) ensuring that the financial statements issued by the Company are true and complete, in compliance with all applicable accounting principles consistently applied and fairly present the financial position and results of operations for the indicated periods. The Committee must establish procedures to ensure that financial statements and auditors' reports are received by it in sufficient time to allow the committee to review and report to the Board on those financial statements and auditors' report;
 - (ii) ensuring that the quality of financial controls is appropriate for the business of the Company;

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- (iii) reviewing the scope and results of external audits;
- (iv) monitoring corporate conduct and business ethics, including auditor Independence and ongoing compliance with laws and regulations;
- (v) maintaining open lines of communication between the Board, Management and the external auditors, thus enabling information and points of view to be freely exchanged;
- (vi) reviewing matters of significance affecting the financial welfare of the Company;
- (vii) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate;
- (viii) reviewing the Company's internal financial control system;
- (ix) considering the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- (x) monitor and review the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements; and
- (xi) developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provisions of non-audit services by the external audit firm.

The auditor of the Company must be given reasonable notice of and have the right to appear before and be heard at each meeting of the Committee (and must appear when so requested by the Committee). The Committee must meet when requested by the auditor to consider any matter the auditor thinks should be brought to the attention of the Committee.

Membership of the Committee will be disclosed in the Company's annual report.

C.4 REPORTING

- (a) Proceedings of all meetings are minuted and signed by the Chairperson.
- (b) The Committee, through its Chairperson, is to report to the Board at the earliest possible Board meeting after each Committee meeting. Minutes of all Committee meetings are to be circulated to the Board. The report should include but is not limited to:
 - (i) the minutes of the Committee and any formal resolutions;
 - (ii) information about the audit process including the results of external audits;
 - (iii) an assessment of:
 - (A) whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs; and
 - (B) the management processes supporting external reporting;
 - (iv) procedures for the selection and appointment of the external auditor and for the rotation of external audit partners;
 - (v) recommendations for the appointment or removal of an auditor;
 - (vi) any determination by the Committee relating to the independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
 - (vii) results of its review of internal compliance and control systems; and
 - (viii) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action.

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C.5 ATTENDANCE AT MEETINGS

- (a) Other directors of the Company (executive and non-executive) have a right of attendance at Committee meetings. However, no director of the Company is entitled to attend that part of a meeting at which an act or omission of that director or a contract, arrangement or undertaking involving or potentially involving that director or a related party of that director is being investigated or discussed.
- (b) Notwithstanding Section C.5 (a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested director, the Committee may invite that director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.
- (c) The Auditor is to be given notice of all meetings and provided an opportunity to be heard if requested by the auditor.

C.6 ACCESS

- (a) The Committee shall have unlimited access to the external auditors, and to senior Management of the Company and any subsidiary. The Committee shall also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees shall be instructed by the Board to co-operate fully in provision of such information.
- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

C.7 APPLICATION OF STANDING RULES

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

SECTION D - REMUNERATION COMMITTEE CHARTER

D.1 COMMITTEE MEMBERS

The Board has established a Remuneration Committee (Principle 8, Recommendation 8.1). The Remuneration Committee is to consist of the following: (Principle 8, Recommendation 8.2):

- (a) A majority of independent directors;
- (b) A Chairperson who is an Independent Director; and
- (c) Three members, but where there are not three or more non-executive directors of the Company, the Board may appoint executive directors to the Committee.

The initial members of the Remuneration Committee are:

- (a) Richard Anthon (Remuneration Committee Chairperson) Non-Executive Director;
- (b) Michael Gunn Non-Executive Director; and
- (c) Geoffrey Hill Non-Executive Board Chairperson.

D.2 PURPOSE

- (a) The Remuneration Committee Charter (the **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Remuneration Committee of the Company and the procedures for non-Committee members to attend meetings (Principle 8, Recommendation 8.1).
- (b) Key features of the Charter will be outlined in the Company's annual report. The Charter is available to shareholders of the Company upon request.

D.3 DEFINITION AND OBJECTIVES OF THE COMMITTEE

- (a) The Remuneration Committee (the **Committee**) is a Committee of the Board.
- (b) The Committee is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:
 - (i) executive remuneration and incentive plans:
 - (A) including, but not limited to, pension rights and compensation payments and any amendments to that policy proposed from time to time by Management;
 - (B) review of the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs;
 - (C) consideration of whether to seek shareholder approval of the executive remuneration policy;
 - (D) overseeing the implementation of the remuneration policy;
 - (E) review and approval of the total proposed payments from each executive incentive plan; and
 - (F) In respect of such executive remuneration, review the competitiveness of the Company's executive compensation programmes to ensure:

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- (1) the programmes are attractive, with a view to ensuring the retention of corporate officers;
 - (2) the motivation of corporate officers to achieve the Company's business objectives; and
 - (3) the alignment of the interests of key leadership with the long term interests of the Company's shareholders.
- (ii) the remuneration packages for Management, directors and the Managing Director (if any):
 - (A) consider and make recommendations to the Board on the entire specific remuneration for each individual of Management (including fixed pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy; and
 - (B) consider whether shareholder approval will be required;
- (iii) non-executive director remuneration:
 - (A) in developing the structure, consider the Principle 8, Recommendation 8.3, in that:
 - (1) non-executive directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity);
 - (2) non-executive directors should not participate in schemes designed for the remuneration of executives;
 - (3) non-executive directors should not receive options or bonus payments, unless the Board considers that circumstances justify departure from this principle; and
 - (4) non-executive directors should not be provided with retirement benefits (other than statutory superannuation);
 - (B) ensure that the fees for non-executive members of the Board are within the aggregate amount approved by shareholders;
 - (C) overview the application of the retirement allowance for non-executive members of the Board; and
 - (D) provide, in the corporate governance section of the Company's annual report, any departures from Recommendation 8.3 if necessary;
- (iv) the Company's recruitment, retention and termination policies and procedures for senior Management;
- (v) incentive plans and share allocation schemes:
 - (A) review and approve the design of all equity based plans;
 - (B) keep all plans under review in light of legislative, regulatory and market developments;
 - (C) for each equity based plan, determine each year whether awards will be made under that plan;
 - (D) ensure that the equity based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders;
 - (E) review and approve total proposed awards under each plan;
 - (F) in addition to considering awards to executive directors and direct reports to the Managing Director or Chief Executive Officer, review and

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- approve proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
- (G) review, approve and keep under review performance hurdles for each equity based plan;
 - (vi) superannuation arrangements;
 - (vii) remuneration of members of other committees of the Board; and
 - (viii) remuneration by gender.

D.4 REMUNERATION POLICIES

- (a) The Committee should design the remuneration policy in such a way that it:
 - (i) motivates directors and Management to pursue the long-term growth and success of the Company within an appropriate control framework; and
 - (ii) demonstrates a clear relationship between key executive performance and remuneration.
- (b) In performing its role, the Committee is required to ensure that:
 - (i) the remuneration offered is in accordance with prevailing market conditions, and that exceptional circumstances are taken into consideration;
 - (ii) contract provisions reflect market practice;
 - (iii) regard has been had to Principle 8; and
 - (iv) targets and incentives are based on realistic performance criteria.
- (c) The Committee will also:
 - (i) overview the application of sound remuneration and employment practices across the Company; and
 - (ii) ensure the Company complies with legislative requirements related to employment practices.

D.5 APPROVAL

The Committee must approve the following prior to implementation:

- (a) changes to the remuneration or contract terms of executive directors and direct reports to the Managing Director or Chief Executive Officer;
- (b) the design of new, or amendments to current, equity plans or executive cash-based incentive plans;
- (c) total level of award proposed from equity plans or executive cash-based incentive plans; and
- (d) termination payments to executive directors or direct reports to the Managing Director or Chief Executive Officer, including consideration of early termination, except for removal for misconduct, termination payments to other departing executives should be reported to the Committee at its next meeting.

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D.6 REPORTING

- (a) Proceedings of all meetings of the Committee are to be minuted and signed by the Chairperson.
- (b) The Committee, through its Chairperson, is to report to the Board at the earliest possible Board meeting after the Committee meeting. Minutes of all Committee meetings are to be circulated to the Board. The report should include but is not limited to:
 - (i) the minutes of the Committee and any formal resolutions;
 - (ii) information about the review process undertaken by the Committee;
 - (iii) an assessment of:
 - (A) executive remuneration and incentive plans;
 - (B) remuneration packages for senior Management, directors and the Managing Director (if any);
 - (C) non-executive director remuneration;
 - (D) the Company's recruitment and retention and termination policies and procedures for senior Management;
 - (E) incentive plans and share allocation schemes;
 - (F) superannuation arrangements; and
 - (G) remuneration of members of other Committees of the Board;
 - (iv) recommendations for setting remuneration levels for directors, senior managers and Committee members;
 - (v) any matter that in the opinion of the Committee should be brought to the attention of the Board and any recommendation requiring Board approval and/or action; and
 - (vi) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter.

D.7 MEETINGS

- (a) Despite the Standing Rules, there is no requirement that the Remuneration Committee meet a set number of times or intervals during a year. Rather, the Committee will meet at such intervals as required to fulfil its obligations.
- (b) In addition, the Chairperson is required to call a meeting of the Committee if requested to do so by any Committee member, the internal or external auditors, the Chairperson of the Board or other Board member.
- (c) The Committee shall have access to employees of the Company and appropriate external advisers. The Committee may meet with these external advisers without Management being present.
- (d) The Committee may also seek input from individuals on remuneration policies but no individual should be directly involved in deciding his/her remuneration.

D.8 ATTENDANCE AT MEETINGS

- (a) Other directors of the Company (executive and non-executive) have a right of attendance at Committee meetings. However, no director of the Company is entitled to attend that part of a meeting at which an act or omission of that director or a contract, arrangement or undertaking involving or potentially involving that director or a related party of that director is being investigated or discussed.

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- (b) Notwithstanding Section D.8 (a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested director, the Committee may invite that director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

D.9 APPLICATION OF STANDING RULES

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

SECTION E NOMINATIONS COMMITTEE CHARTER

E.1 COMMITTEE MEMBERS

The directors consider that given the current size, scale and level of complexity of the Company's operations, it is not presently justified to set up a discrete Nominations Committee. The board as a whole will therefore operate as a Nominations Committee (Principle 2, Recommendation 2.4) and will be guided in this function by the charter set out below.

When the Board considers that the size and scale of the Company justify it, the Nominations Committee will be established as a discrete committee bound by this charter and consisting of the following persons: (Principle 2, Recommendation 2.4):

- (a) A majority of independent directors;
- (b) A Chairperson who is an Independent Director; and
- (c) Three members, but where there are not three or more non-executive directors of the Company, the Board may appoint executive directors to the Committee.

E.2 PURPOSE

- (a) The Nomination Committee Charter (the Charter) sets out the role, responsibilities, composition, structure and membership requirements of the Nominations Committee of the Company and the procedures for inviting non-committee members to attend meetings.
- (b) Key features of the Charter will be outlined in the Annual Report (Principle 2, Recommendation 2.6) when the Board considers it justified to set up a discrete Nominations Committee and from that time, the Charter will be available to shareholders of the Company upon request.

E.3 DEFINITION AND OBJECTIVES OF THE COMMITTEE

- (a) The Nominations Committee (Committee) is a Committee of the Board and other persons appointed by the Board from time to time.
- (b) The Committee is responsible for assisting the Board in relation to the appointment of members to the Board and of Management (including, without limitation, the chief executive officer, chief financial officer and chief operating officer (to the extent that the Company has or requires such positions)), and for the review of the performance of such persons.
- (c) The Board selection process includes:
 - (i) developing criteria for seeking and reviewing candidates for a position on the Board, including by implementing processes to assess the necessary and desirable skill sets of the Board members including experience, expertise, skills and performance of the Board and the Committees;
 - (ii) identifying suitable candidates for appointment to the Board or senior management positions;
 - (iii) reviewing appropriate applications for positions of the Board and recommending individuals for consideration by the Board;

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- (iv) recommending procedures for adoption by the Board for the proper oversight of the Board and senior management;
 - (v) ensuring that such procedures, once adopted, are implemented such that the performance of each member of the Board and of senior management is reviewed and assessed each year in accordance with the procedures; and
 - (vi) annually review the composition of each Committee and present recommendations for Committee memberships to the Board.
- (d) Membership of the Committee will be disclosed in the Company's annual report (Principle 2, Recommendation 2.6).

E.4 REPORTING

- (a) Proceedings of all meetings are minuted and signed by the Chairperson.
- (b) The Committee, through its Chairperson, will report to the Board at the earliest possible Board Meeting after each Committee Meeting. Minutes of all Committee meetings will be circulated to Board Directors. The report should include but is not limited to:
 - (i) the minutes of the Committee and any formal resolutions;
 - (ii) procedures for the selection and appointment of proposed Board and senior management representatives and for the monitoring of the performance of Board and senior managers;
 - (iii) recommendations for the appointment or removal of Board members or senior managers;
 - (iv) determinations by the Committee relating to the independence of proposed Board members;
 - (v) assessment of the performance of Board members or senior managers;
 - (vi) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and
 - (vii) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter.

E.5 ATTENDANCE AT MEETINGS

- (a) Other directors of the Company (executive and non-executive) have a right of attendance at Committee meetings. However, no director of the Company is entitled to attend that part of a meeting at which an act or omission of that director or a contract, arrangement or undertaking involving or potentially involving that director or a related party of that director is being investigated or discussed.
- (b) Notwithstanding Section E.5 (a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested director, the Committee may invite that director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

E.6 ACCESS

- (a) The Committee shall have unlimited access to the external auditors, and to senior management of the Company and any subsidiary. The Committee shall also have the ability and authority to seek any information it requires to carry out its duties from any

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officer or employee of the Company and such officers or employees shall be instructed by the Board to co-operate fully in the provision of such information.

- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

E.7 APPLICATION OF STANDING RULES

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

SECTION F– STANDING RULES OF COMMITTEES

F.1 APPLICATION

These Standing Rules apply to, and are deemed to be incorporated into the Charter of each Committee, except where the terms of these Standing Rules conflict with those of the relevant Charter.

F.2 COMPOSITION

- (a) The composition of each Committee will be determined in accordance with the following principles:
- (i) each Committee will aim to have membership which comprises only non-executive directors, save where the Board considers that to do so for a particular Committee or Committees would be unnecessary or undesirable;
 - (ii) of the members of the Committee, the Committee will aim to have a majority of the members being independent directors (where appropriate, given the size of the Company and the Board);
 - (iii) provided the Committee can contain at least one independent director, the Chairperson of the Committee shall be Independent; and
 - (iv) the Committee shall comprise three members. Where there are not three or more non-executive directors of the Company, the Board may, despite this requirement, appoint one or more executive directors to the Committee.
- (b) Membership of each Committee will be disclosed in the annual report of the Company.
- (c) Committee members are appointed by the Board.
- (d) The term of appointment as a member is for a period of no more than one year, with Committee members generally being eligible for re-appointments for so long as they remain directors of the Board. The effect of ceasing to be a director of the Board is the automatic termination of appointment as a member of each Committee.
- (e) Membership of each Committee should be confirmed annually by the Board.
- (f) Each director may attend meetings but will have no voting rights unless he/she is a member of the relevant Committee.

F.3 CHAIRPERSON

- (a) The Chairperson of each Committee is selected by the Board.
- (b) Should the Chairperson be absent from a meeting and no acting Chairperson been appointed, the members of the relevant Committee present at the meeting have authority to choose one of their number to be Chairperson for that particular meeting.

F.4 MEETINGS

- (a) Each Committee will meet at such intervals as required to fulfil its obligations.
- (b) In addition, the Chairperson is required to call a meeting of each Committee if requested to do so by any Committee member, the external auditors, the Chairperson of the Board or other Board member.

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- (c) The Chairperson will appoint an executive to act as Secretary to each relevant Committee who shall be responsible:
 - (i) in conjunction with the Chairperson, for drawing up the agenda, supported by explanatory documentation, and circulating it to the relevant Committee members prior to each meeting; and
 - (ii) for keeping the minutes of meeting of each Committee and circulating them to Committee members and to the other members of the Board.
- (d) A quorum shall consist of two members.
- (e) The Chairperson shall report to the Board following each meeting.

F.5 FEES

Committee members are entitled to receive remuneration as determined from time to time by the Remuneration Committee.

F.6 REVIEW OF CHARTER

- (a) Each Charter is to be reviewed annually by each relevant Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities.
- (b) Significant changes to the Charter must be recommended by the relevant Committee and approved by the Board.

F.7 DUTIES AND RESPONSIBILITIES

- (a) The duties and responsibilities of a member of each Committee are in addition to those duties set out for a director of the Board.
- (b) The duties and responsibilities of a member of each Committee are set out in each Charter.

SECTION G - CORPORATE ETHICS POLICY

G.1 INTRODUCTION

Directors of the Company are subject to certain stringent legal requirements regulating the conduct both in terms of their internal conduct as directors of the Company and in their external dealings with third parties both on their own behalf and on behalf of the Company.

To assist directors in discharging their duty to the Company and in compliance with relevant laws to which they are subject, the Company has adopted the following Corporate Ethics Policy (Policy).

This Policy sets out rules binding directors in respect of:

- (a) a director's legal duties as an officer of the Company;
- (b) a director's obligations to make disclosures to the ASX and the market generally; and
- (c) dealings by the Company's directors in securities in the Company.

G.2 DIRECTORS' POWERS AND DUTIES

Each director of the Company is required to comply strictly with legal, statutory and equitable duties as an officer of the Company. Broadly, these duties are:

- (a) to act in good faith and in the best interests of the Company;
- (b) to act with due care and diligence;
- (c) to act for proper purposes;
- (d) to avoid conflicts of interest or duty; and
- (e) to refrain from making improper use of information gained through the office of director, or taking improper advantage of the office of director.

G.3 GENERAL

Directors of companies owe a variety of duties to those companies which may impact upon the appropriateness of their attendance and participation in meetings of the board of directors. These duties arise as a result of the general law and also under the Corporations Act.

Directors should be aware that if they breach their fiduciary duties to the Company, they may be liable to account to the entity for any profit they derive or indemnify the entity against any loss their breach has caused.

Breaches of the Corporations Act duties may also give rise to an action for damages, fines and penalties or disqualification.

Common Law Fiduciary Duties

A director is said to be in a fiduciary, as opposed to an arm's length, relationship with the Company. As such a director will owe various fiduciary duties to the Company which

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underlie matters relating to the conduct of a director, including attendance and participation at meetings. The positive duties of a director include the duty to act in good faith in the best interests of the Company, to act for proper corporate purposes and to give adequate consideration to matters for decision and to keep discretions unfettered.

Corporations Act

A director of the Company is also subject to duties imposed by the Corporations Act. They include the duty to exercise care and diligence, to exercise their powers in good faith and for a proper purpose and not to misuse their position or information obtained from their position to gain an advantage for themselves or others or cause detriment to the Company.

G.4 GENERAL DUTIES OF DIRECTORS

(a) Proper Corporate Purpose

General law duty - to act for proper corporate purposes.

The duty to act for proper corporate purposes requires directors to exercise the powers granted to them for the purpose for which they were given, not for collateral purposes.

(b) Adequate Consideration

General law duty – to give adequate consideration and duty not to fetter a director’s discretion

The duty to give adequate consideration to matters for decision and to keep discretions unfettered requires directors to give adequate consideration to matters when exercising their discretions. They must take positive steps to inform themselves about matters and not simply acquiesce in the decision making process.

(c) Care and diligence

General law and Corporations Act duty – exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances,

Under the Corporations Act, a director must exercise their powers and discharge their duties with the degree of care and diligence that a reasonably prudent individual would exercise if they:

- (i) were a director of a corporation in the same circumstances as the Company; and
- (ii) occupied the same office and had the same responsibilities as the director.

Case law on these provisions illustrates that the scope of the obligation of care and diligence will depend upon the nature of the director’s role and their position with the Company. For instance, generally executive directors will be subject to a higher standard of care and it has been held that a Chairperson of a Company who is also Chairperson of the Audit Committee may have a higher duty of care than a mere non-executive.

Apart from the Corporations Act obligations, a failure of a director to act with a reasonable degree of care and diligence is also likely to be considered negligent.

Business Judgement Rule

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The Corporations Act provides a mechanism for directors to avoid a breach of their duty of care and diligence where certain parameters are met. This is known as the “business judgement rule”. All directors of the Company are expected to be familiar with this rule.

In summary, a director who makes a business judgment is taken to meet the duty of care and diligence (whether under statute or the general law) if they:

- (i) make the judgment in good faith and for a proper purpose;
- (ii) do not have a material personal interest in the subject matter of the judgment;
- (iii) inform themselves about the subject matter of the judgment to the extent they reasonably believe to be appropriate; and
- (iv) rationally believe that the judgment is in the best interests of the corporation.

The director’s or officer’s belief that the judgment is in the best interests of the corporation is a rational one unless that belief is one that no reasonable person in their position would hold.

A ‘business judgment’ is any decision to take or not take action in respect of a matter relevant to the business operations of the corporation.

Whilst the business judgement rule assists directors to avoid a breach of their duty of care and diligence, both under the Corporations Act or under the general law, it does not relieve breaches of the other duties of directors, whether under the Corporations Act or otherwise, described above

(d) Act in Good Faith

General law and Corporations Act duties - To act honestly and in good faith with a view to the best interests of the company; to act for a proper purpose; to not improperly use the director’s position; to not improperly use information obtained by virtue of the director’s position.

The duty to act in good faith in the best interests of the company requires directors to use their discretions honestly and with reasonable care and diligence for the purposes for which they were conferred. Directors must not promote their personal interest by making or pursuing a gain in circumstances in which there is a conflict, or a real possibility of a conflict, between their personal interests and those of the company. Additionally, a director must not act to promote the interest of a third person where there is a conflict, or a real possibility of conflict, between duties owed by the fiduciary, on the one hand, to the company and on the other, duties owed to the third person.

G.5 AVOIDING CONFLICTS

Attending and Participating in Board Meetings

The duties in relation to conflict are of particular importance when a director is considering whether or not they should attend and participate in Board meetings.

This rule requires a director to avoid situations in which there is a “real and sensible possibility” of conflict between the director's personal interests and the company's interests. This duty is also of particular significance where directors hold multiple directorships. Whilst merely holding multiple directorships, even in competing companies, is not a breach of the rule against conflict, the rule will be breached if the director discloses confidential information which the director has gained as a result of their directorship of the other

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company.

Consequently, if a director has a conflicting personal interest, whether direct or indirect, in a matter to be discussed at a Board meeting, they should firstly disclose this matter to the Board and secondly consider whether participating in the matter would result in a breach of their fiduciary duties.

Disclosable Interests

A director who has a material personal interest in a matter that relates to the affairs of the Company is required to disclose this to the Company.

Directors of the Company who have a material personal interest in a matter generally must not attend a directors meeting while the matter is being considered or vote on the matter.

However, a director may do these things if a resolution of the Board is passed to this effect.

Despite this, the same caution must be exercised as discussed above if the other directors consent to a conflicting director participating in the meeting. The conflicting director should ensure that participation would not be in breach of that director's fiduciary duties or the duties imposed by the Corporations Act.

Common Directorships

These duties become particularly relevant where companies have directors in common and a decision involving a potential conflict of interest is required to be taken by one of the companies. In this case it is prudent for the common directors not to participate in the relevant board's decision making process on that matter.

Directors Providing Services to the Company

In order to capitalise on the professional and technical expertise or experience of directors of the Company from time to time (other than in their capacity as directors), the Company may engage the services of that director (or a firm associated with the director) **only** on the following terms and conditions:

- (a) the scope of the consultancy (or other services) is identified, together with a schedule of estimated costs and charge out rates to be incurred with the director or their firm;
- (b) (where considered necessary or appropriate) the independent directors seek additional quotations for the same services; and
- (c) the consultancy services are approved by the independent directors of the Company.

G.6 CONFIDENTIALITY

Directors of the Company will have access to any information which the Directors may consider necessary to perform their responsibilities and exercise their independent judgement when making decisions. All information received by a director in these circumstances must be considered confidential and at all times remains the property of the Company.

Any confidential information of the Company acquired by a director during the director's appointment must not be disclosed by the director, or the director must not allow it to be

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disclosed to any other person unless the disclosure is authorised by the Chairperson or is required to be disclosed by law or a regulatory body (including a relevant securities exchange).

G.7 INDEPENDENCE

The Board is required to regularly assess the independence of directors to ensure that directors do not have any relationships or interests that interfere with their unfettered and independent judgement, or could reasonably give the impression that the director's independence has been compromised.

Set out in Section B.3 (c) is the Company's principles of corporate governance for assessing the independence of directors.

Directors are required to co-operate fully with any assessment process and give all reasonable information requested.

Directors are required to fully and frankly tell the Board about anything that:

- (a) may lead to an actual or potential conflict of interest or duty;
- (b) may lead to a reasonable perception of an actual or potential conflict of interest or duty;
- (c) interferes with a director's unfettered and independent judgement; or
- (d) could reasonably give the impression that a director's independence has been compromised.

Directors are also required to tell the Company about any interest which they may have in securities of the Company (or of a related body corporate) or interest in any contract relating to those securities. This is discussed in greater detail below.

G.8 DEALINGS BY KEY MANAGEMENT PERSONNEL IN SECURITIES OF THE COMPANY

The Company strongly encourages its Key Management Personnel to become shareholders in the Company. However, when a Key Management Person trades in securities of the Company it is important to ensure that these transactions do not reflect badly on either the Key Management Person or the Company. This section of the Policy is designed to ensure that Key Management Personnel do not deal in securities of the Company at inappropriate times or in inappropriate circumstances.

When buying or selling securities in the Company, Key Management Personnel must ensure that they do not contravene the insider provisions contained in the Corporations Act.

Inside information is information that is not generally available which could reasonably be expected to have a material effect on the price or value of securities of a body corporate.

Information is taken to have a "material effect" on the price or value of a security if it would be likely to influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy, or sell the securities. Thus, to constitute inside information the information must be both price sensitive and not generally available.

It is readily apparent that Key Management Personnel in the course of carrying out their duties often possess information which would be regarded as inside information under the

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Corporations Act. The following are examples of information which could be regarded as inside information:

- (a) proposed strategic business acquisition;
- (b) financial records not yet released to the market;
- (c) a proposed takeover not yet announced to the market.

Where Key Management Personnel possess inside information, they must not:

- (a) engage in dealings with the securities of the Company; and
- (b) either directly or indirectly, communicate the inside information to other persons.

Key Management Personnel can be liable for insider trading if they recommend, while they are in possession of price sensitive information which is undisclosed to the general public, the Company's securities to other persons.

Key Management Personnel should be aware that they can be liable for insider trading by communicating inside information to other persons, for example their spouse, family or friends. This liability arises notwithstanding the fact that the Key Management Person has not dealt with the securities of the Company. Spouses, family or friends who learn inside information and subsequently act on it before the information becomes public can also be held liable for insider trading.

It is therefore essential that all Key Management Personnel avoid direct or indirect communication of price sensitive information before it enters the public domain. It is equally essential that Key Management Personnel refrain from trading in securities of the Company whilst they possess such information.

G.9 RESTRICTIONS ON KEY MANAGEMENT PERSONNEL DEALINGS WITH COMPANY SECURITIES

As a general policy, before engaging in transactions involving securities of the Company, a Key Management Person must notify:

- (a) The Managing Director or Chief Executive Officer (where Key Management Person is not a director of the Company);
- (b) Chairperson (where Key Management Person is a director of the Company); or
- (c) Another non-executive director (where Key Management Person is Chairperson of the Company)

of the intended transaction at least 24 hours **beforehand**.

It is then a matter for the Managing Director, Chief Executive Officer, Chairperson, or non-executive Director as applicable to advise the Board of the intended course of action.

The Company's policy regarding dealings by Key Management Personnel in the Company's securities is that Key Management Personnel should **never** engage in short term trading and should not enter into transactions in the following circumstances:

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- (a) When they are in possession of price sensitive information not yet released by the Company to the market;
- (b) During a Prohibited Period; or
- (c) In no circumstances should any person sell more than \$50,000 worth of securities unless prior to entering into discussions they have written approval from the Chairman as to the form and timing of the sale and the management of its public disclosure.

In relation to “price sensitive information”, all Key Management Personnel will be conscious of the fact that, as the Company is a listed company, it has an obligation under Chapter 3 of the Listing Rules to make continuous disclosure. Briefly stated, that is an obligation to advise the market as soon as events and developments occur which result in the information that a reasonable person would expect to have a material effect on the price or value of the Company’s securities.

The obligation is **not** absolute and there are a number of exceptions to when “price sensitive information” need not be disclosed, which are addressed below.

Accordingly, there **will** be occasions where price sensitive information is in the possession of some or all of the Key Management Personnel and not yet released to the market, nor required to be released.

In relation to the half-yearly and annual reports, it is apparent that these reports will contain financial information concerning the Company. That information will be collated based on management accounts by the Company’s auditors. It is a notorious fact that at **some time** before preparation of the audited yearly and annual reports, some or all of the Key Management Personnel will have access to the financial figures based on the data coming from the management accounts. That being so, that material may, in certain circumstances be price sensitive information, not yet released. For example, a company may have glowing half year profit at the commencement of the half year and then find, based on its management accounts that it fell well behind or will fall well behind (as the case may be) those profit forecasts. That would be a case when any Key Management Personnel in possession of such information could not deal in the Company’s securities.

However, Key Management Personnel will generally be permitted to engage in trading (subject to due notification being given to the Managing Director or Chief Executive Officer, Chairperson, or non-executive director as applicable) at the following times:

- (a) For a period commencing one (1) business day after the release of half yearly and annual reports to the market;
- (b) For a period commencing one (1) business day following the release of price sensitive information to the market which allows a reasonable period of time for the information to be disseminated among members of the public;
- (c) Where the proposed acquisition of securities is under:
 - (i) a bonus or rights issue made to all shareholders;
 - (ii) a dividend reinvestment or top up plan available to all shareholders; or
 - (iii) an employee share plan.
- (d) Undertakings to accept, or the acceptance of, a takeover offer;

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- (e) A dealing by a Key Management Person with a related or associated person whose interest in the securities is to be treated by virtue of the Corporations Act as the Key Management Person's interest; and
- (f) In exceptional circumstances, for the Key Management Person to sell (but not to purchase) securities when he or she otherwise would not be permitted to do so by this policy, where:
 - (i) it is the only reasonable course of action available to the Key Management Person; and
 - (ii) written clearance of the intended transaction is given at least 24 hours **beforehand** by the Chairperson and at least one other non-executive director.

The types of circumstance which may be considered exceptional for these purposes would be a pressing financial commitment on the Key Management Person that cannot otherwise be satisfied.

G.10 NOTIFICATION TO ASX OF DIRECTORS' INTERESTS

Directors must also be aware that pursuant to Listing Rule 3.19A and pursuant to the provisions of the Corporations Act, they are obliged to provide the ASX with appropriate notifications of their interests in the Company.

The Company must notify the ASX of their directors:

- (a) relevant interests in securities of the Company or of a related body corporate;
- (b) contracts:
 - (i) to which the director is a party or under which the director is entitled to a benefit; and
 - (ii) that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate.

Accordingly, the Company is to enter into an agreement with its directors under which the directors are obliged to provide the necessary information to the Company. An agreement of this nature recognises that much of the information required by the ASX is held by the directors, by virtue of their position and role within the Company. By entering into a formal agreement, the Company ensures that the directors of the Company have been notified of their disclosure obligations and the directors authorise the Company to give the information provided by directors to ASX on their behalf and as their agent.

In particular, Listing Rule 3.19A provides that:

- (a) where a director is appointed – the Company must notify the ASX of the above interest within five (5) business days after the appointment (the appropriate form is Appendix 3X). Accordingly, directors will provide the following information as at the date of their appointment as a director:
 - (i) details of all securities registered in their name, including the number and class of the securities;
 - (ii) details of all securities not registered in the director's name but in which he/she has a relevant interest including the number and class of the securities,

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- the name of the registered holder and the circumstances giving rise to the relevant interest; and
- (iii) details of all contracts to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the director's interest under the contract;
- (b) where a change in the above interests of a director occurs – the Company must no more than five (5) business days after the change occurs outline to the ASX (the appropriate form is Appendix 3Y):
- (i) the changes in the director's interests in securities or contracts; and
 - (ii) If changes in interests in those securities or contracts are traded during a Closed Period where prior written notice is required under the Listing Rules, the following:
 - (A) Whether prior written notice was provided to allow the trade to proceed during this Closed Period; and
 - (B) If prior written notice was provided, the date this was provided.

Directors will need to provide on an on-going basis to the Company, as soon as reasonably possible after the date of the change and, in any event, no later than three (3) business days after the date of the change:

- (i) details of changes in securities registered in the director's name, including the following:
 - (A) date of change;
 - (B) number and class of securities held before and after the change;
 - (C) nature of change (eg, on-market, off-market);
 - (D) consideration paid or received in connection with the change; and
 - (E) if off-market, the value of the securities the subject of the change;
- (ii) details of changes in securities not registered in the director's name but in which he/she has a relevant interest including the following:
 - (A) date of change;
 - (B) number and class of securities held before and after the change;
 - (C) name of the registered holder before and after the change;
 - (D) circumstances giving rise to the relevant interest;
 - (E) nature of change (eg, on-market, off-market);
 - (F) consideration paid or received in connection with the change; and
 - (G) if off-market, the value of the securities the subject of the change;
- (iii) details of all changes to contracts to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the following:
 - (A) date of change;
 - (B) number and class of the shares, debentures or interests to which the interest relates before and after the change;
 - (C) name of the registered holder if the shares, debentures or interests have been issued; and
 - (D) nature of your interest under the contract; and

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- (c) where a director ceases to be a director – the Company must notify the ASX of the interests of the director at the time the director ceases to be a director, no more than five (5) business days after the director ceases to be a director (the appropriate form is Appendix 3Z). Directors must supply to the Company as soon as reasonably possible after the date of ceasing to be a director and, in any event no later than three (3) business days after the date of ceasing to be a director, the following information:
- (i) details of all securities registered in the director's name, including the number and class of the securities;
 - (ii) details of all securities not registered in the director's name but in which he/she has a relevant interest including the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest; and
 - (iii) details of all contracts to which the director is a party or under which he/she is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the director's interest under the contract.

G.11 THE COMPANY'S OBLIGATION OF DISCLOSURE

(a) The Listing Rules

As a listed entity, the Company must and has implemented measures to comply with certain continuous disclosure obligations imposed by the ASX Listing Rules. Chapter 3 of the ASX Listing Rules requires the Company to provide the ASX with immediate notice of certain material information.

The general disclosure rule imposed on the Company is contained in clauses 3.1 and 3.1A of the ASX Listing Rules:

"3.1 Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information.

3.1A Listing Rule 3.1 does not apply to particular information while each of the following are satisfied:

3.1A.1 A reasonable person would not expect the information to be disclosed.

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.

3.1A.3 One or more of the following applies.

- *It would be a breach of a law to disclose the information.*
- *The information concerns an incomplete proposal or negotiation.*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*

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- *The information is generated for the internal management purposes of the entity.*
- *The information is a trade secret."*

There is also the "false market"/"rumours" disclosure rule in clause 3.1B as follows:

"3.1B If ASX considers that there is or is likely to be a false market in an entity's securities and asks the entity to give it information to correct or prevent a false market, the entity must give ASX the information needed to correct or prevent the false market."

The provisions of Chapter 3 are reinforced by Chapter 6CA of the Corporations Act. In particular, section 674(2) provides that:

"If:

- (a) [provisions of the listing rules of a listing market in relation to an entity require an entity to notify the market operator of information about specified events or matters as they arise for the purpose of the operator making that information available to participants in the market]; and*
- (b) the entity has information that those provisions require the entity to notify to the market operator; and*
- (c) that information:*
 - (i) is not generally available; and*
 - (ii) is information that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of securities of the entity;*

the entity must notify the market operator of that information in accordance with those provisions."

It is therefore essential that directors acquaint themselves not only with their personal obligations of disclosure, but also the disclosure obligations imposed on the Company.

(b) The Disclosure Obligation

Under the provisions of Listing Rule 3.1, the Company is required to **immediately notify the ASX of any information concerning the Company of which it is, or becomes, aware, and which a reasonable person would expect to have a material effect on the price and value of the Company securities.**

When is the Company aware of information?

The Listing Rules provide that the Company is aware of information if a director or executive officer has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of the Company.

An "executive officer" of the Company means a person who is concerned in, or takes part in, Management of the Company. A person can be an executive officer

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regardless of his or her designation, and irrespective of whether or not the person is a director.

What information has a material effect on price?

The effect of information on the price or value of the Company securities is to be judged by the expectations of a “reasonable person”. A reasonable person would expect information to have a material effect on the price or value of the Company securities if the information would, or would be likely to, influence investors who commonly invest in securities in deciding whether or not to deal in the Company securities.

(c) Ramifications of Failing to Comply

The ramifications of failing to comply with the continuous disclosure obligations under Listing Rule 3.1 are extremely serious, and may result in the following actions being taken:

Removal from the ASX

The ASX may at any time remove an entity from the Official List of the ASX if the entity breaks a Listing Rule.

Criminal Liability

Under the Corporations Act, a failure to make a disclosure under Listing Rule 3.1, intentionally or recklessly, amounts to a criminal offence, and may result in a fine of \$110,000 for a corporation.

In addition, individuals who are “involved” in the contravention (who would include officers or advisers who aid, abet, counsel, procure or are knowingly concerned in the contravention) are also liable. The maximum penalty for individuals is \$22,000, or imprisonment for five years, or both.

A negligent failure to make a disclosure under Listing Rule 3.1 is a contravention of the Corporations Act, but will not amount to a criminal offence.

Civil Liability

Civil liability arises if the failure to disclose is intentional, reckless or negligent. A person who suffers loss or damage as a result of such failure may recover that loss or damage from the Company, or against “any person involved in the contravention”. This could include the directors or executives officers of the Company.

(d) Exemption from Disclosure

The Listing Rules provide that the Company does not need to disclose information under Listing Rule 3.1A if **each** of the following is satisfied:

- (i) A reasonable person would not expect the information to be disclosed (Listing Rule 3.1A.1); **and**
- (ii) The information is confidential (Listing Rule 3.1A.2); **and**
- (iii) One or more of the following applies (Listing Rule 3.1A.3)
 - (A) It would be a breach of a law to disclose the information;

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- (B) The information concerns an incomplete proposal or negotiation;
- (C) The information comprises matters of supposition, or is insufficiently definite to warrant disclosure;
- (D) The information is generated for internal management purposes of the Company; or
- (E) The information is a trade secret.

It must be noted that the above exemption from the requirement to make disclosure only **operates while all three elements are satisfied. If any of the requirements cease to be satisfied, the entity must disclose the information immediately.**

By way of example, if information that has not been disclosed by relying on the exemption becomes known in some way to participants in the market, then it **must** be given to the ASX for release to the market, as it would no longer satisfy the confidentiality requirement. It does not matter how the matter became known in the market.

Looking at each of the three elements that must be established for information to be exempt from disclosure:

- (i) **A reasonable person would not expect the information to be disclosed** (Listing Rule 3.1A.1)

A reasonable person would not expect information to be disclosed if the result would be to cause unreasonable prejudice to the entity. Similarly, a reasonable person would not expect disclosures of an inordinate amount of detail.

- (ii) **Confidentiality** (Listing Rule 3.1A.2)

Listing Rule 3.1A.2 requires that the information that is not to be disclosed be confidential. "Confidential" in this context has the sense of secret, and generally implies control by the Company of the use that can be made of the information.

The mere fact that a confidentiality agreement has been entered into will not automatically satisfy this element. Confidential means that no one in possession of the information is entitled to trade in the Company's securities. Unusual activity in the Company's securities may suggest that the information is no longer confidential.

The ASX accepts that confidentiality is not breached if information is given to the Company's advisers, a person with whom the Company is negotiating, or other regulatory authorities, if it is given on a basis which restricts its use to the stated purpose.

- (iii) **One of the Elements in Listing Rule 3.1A.3**

One of the five elements in Listing Rule 3.1A.3 must also be established. These elements are:

- (A) It would be a breach of the law to disclose the information;
- (B) The information concerns an incomplete proposal or negotiation;
- (C) The information comprises matters of supposition, or is insufficiently definite to warrant disclosure;
- (D) The information is generated for internal management purposes of the Company; or

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(E) The information is a trade secret.

(e) Applying for Exemption in Practice

The exemption from disclosure would apply, for example, to information which is confidential, which a reasonable person would not expect to be disclosed and which falls within any one of the following descriptions:

- (i) Proposed acquisitions or disposals or other commercial arrangements in the process of negotiation;
- (ii) Internal budgets and forecasts;
- (iii) Management accounts;
- (iv) Business plans;
- (v) Internal market intelligence;
- (vi) Information prepared for lenders; and
- (vii) Dispute settlement negotiations.

It is possible to foresee, however, matters which are commercially sensitive, the disclosure of which would be **detrimental** to the Company, which may be required to be disclosed because they do not fall within the exemptions. For example:

- (i) A serious claim against the Company prior to the commencement of proceedings;
- (ii) An investigation or allegation by a regulatory body (that is not being disputed by the Company);
- (iii) Information about a “complete” proposal;
- (iv) Terms of settlement of a dispute which the parties wish to keep confidential, and which is not supported by a Court order of confidentiality; and
- (v) Material terms of a trading agreement with a major supplier.

Whether these sorts of matters will fall within any of the exceptions will depend on, and require, an assessment of particular facts.

The Listing Rules and Guidance Note 8 issued by the ASX provide a number of examples of matters that may require disclosure.

(f) ASX Policy

The ASX has issued Guidance Note 8 in relation to Listing Rule 3.1A. The ASX states that the Guidance Note is only a guide as to ASX practice, and that entities should contact the ASX to discuss their particular circumstances and the application of the Listing Rules. Set out below is a brief summary of some of the more pertinent aspects of Guidance Note 8.

(i) Prime Importance

The ASX states that timely disclosure of relevant information is of prime importance to the operation of an efficient market. The fundamental principle under which the Listing Rules operate is that “*timely disclosure must be made of information in which security holders, investors and ASX have a legitimate interest*”.

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(ii) **Continuous Disclosure Practice**

The Listing Rules make it clear that all Listing Rules (including Listing Rule 3.1A) must be complied with in the “spirit” of continuous disclosure. The ASX states that the Listing Rules are not intended to be interpreted in a legalistic or restrictive manner.

(iii) **Market Speculation**

The ASX notes that from time to time it may be necessary to respond to speculation in order for the market to remain properly informed.

The ASX states that it does not expect companies to respond to all comments made in the media, or to respond to all market speculation. However, when the comment or speculation becomes reasonably specific, or the market moves in a way that appears to be referable to the comment or speculation, the company should make a statement in response to ensure the market remains properly informed.

It is ASX policy that, whatever the information and however much it might otherwise have been reasonable not to disclose it, the information should be released to the whole market once it becomes known to any part of the market.

(iv) **Disclosure of Information to Brokers and Press**

Listing Rule 15.7 has the effect that the Company must not release information which is for release to the market to any person (including the media, even on an embargoed basis) until it has given the information to the ASX, and has received an acknowledgement that the ASX has released it to the market.

With respect to analysts, the ASX states that a company must only disclose public information in answering analysts’ questions, or reviewing analysts’ draft reports. The ASX states that it is inappropriate for a question to be answered, or a report corrected, if doing so involves providing material information that is not public. The ASX states that when analysts visit the company, care should be taken to ensure that they do not obtain material information that is not public.

The Corporate Governance Principles and Recommendations (guidelines for Principle 6 Recommendation 6.1) propose that:

- (A) Where possible, companies should arrange for advance notification of significant group briefings (including, but not limited to, results announcements) and make them widely accessible, including through the use of webcasting or any other mass communication mechanisms as may be practical; and
- (B) Companies should also keep a summary record for internal use of the issues discussed at group or one-on-one briefings with investors and analysts, including a record of those present (names or numbers where appropriate), and the time and place of the meeting.

(v) **Internal Disclosure**

Employees will have access to information that is confidential. The employees with such access should be made aware of its confidential nature. The ASX

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notes that companies should ensure that confidential information does not find its way into “in house” publications.

(g) Analyst and Institutional Briefings

In November 1999 ASIC issued its draft “Heard it on the Grapevine...” Guidance Paper, dealing with the selective disclosure of information to institutional investors and analysts.

This Guidance Paper addresses ASIC’s concern that “ordinary” shareholders have a perception that significant information is disclosed by listed companies to analysts and institutions such that they can profit by trading on that information at the expense of the “ordinary” shareholders. ASIC is concerned that this perception could cause “ordinary” shareholders to lose trust in the fairness of the market place.

In this regard, ASIC notes that documents lodged with the ASX are often supplemented with more comprehensive background information provided to analysts and institutions at private briefings.

ASIC specifically identifies the following situations at which there is a risk that selective disclosure may occur:

- (i) Analyst briefings, road shows and presentations;
- (ii) Individual analyst briefings;
- (iii) Ad hoc communications with analysts and institutions;
- (iv) Reviewing draft analyst reports; and
- (v) Informal social events.

ASIC states that it wishes to see companies exploring ways of improving investor access, both to:

- (i) their ASX announcements; and
- (ii) all significant information provided at private briefings to analysts or institutions (regardless of whether it is viewed as price sensitive).

To this end, ASIC suggests:

- (i) Information disclosed to the ASX be added to the releasing company’s web site (following ASX acknowledgement of receipt and release to the market); and
- (ii) Non-material information and supplementary material made available to institutions and analysts is to be made available to shareholders and the wider investment community on the disclosing company’s web site.

ASIC notes that some companies are giving investors access via the internet to live broadcasts of analyst briefings and are posting transcripts of briefings (including questions and answers) on their web sites. ASIC states that it encourages other companies to follow these practices. ASIC in its Paper suggests a number of procedures to ensure that:

- (i) price sensitive material is disclosed to the ASX;
- (ii) briefings do not disclose price sensitive material that has not been released; and

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- (iii) information disclosed at private briefings is captured for disclosure to “ordinary investors”, such that there is equal access to information for all investors. Certain of these ASIC suggestions are incorporated in the Disclosure Programme set out in item (h) below.

ASIC’s focus is on giving investors access to all significant information disclosed to analysts or institutions that is not already publicly available, regardless of whether it is considered price sensitive. ASIC considers it is good practice to provide shareholders with access to all significant background information that is provided to analysts and institutions.

(h) Information Disclosure Programme Procedures

As will be apparent from the above, it is essential for the Company to design a disclosure system to ensure:

- (i) a breach of Listing Rule 3.1A does not occur (Principle 5, Recommendation 5.1);
- (ii) that information is made available to all investors equally.
- (iii) **Directors and Executive Officers**

Each of the following personnel (“**Reporting Group**”) will need to participate in the “continuous disclosure” system, because information in their possession will need to be considered in order to comply with the continuous disclosure obligation:

- (A) the directors;
- (B) Managing Director or Chief Executive Officer;
- (C) Chief Financial Officer;
- (D) Company Secretary; and
- (E) any other Key Management Person.

- (iv) **Overseeing and Co-ordinating Disclosure**

The Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary will be responsible for:

- (A) Ensuring the Company complies with its continuous disclosure obligations (ie. market sensitive material);
- (B) Overseeing and co-ordinating disclosure of information to the ASX; and
- (C) Reviewing information to be provided to analysts, brokers, the media and the public, in order to be able to ensure any market sensitive material has been released to the ASX.

- (v) **Information Collecting Procedures to ensure Listing Rule 3.1A (market sensitive information) is identified**

The responsibilities of each member of the Reporting Group are:

- (A) To ensure all notifiable (market sensitive) information is kept confidential and within the Reporting Group;

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- (B) To collect and forward to the Chairperson, Managing Director (or Chief Executive Officer), or Company Secretary all information which is, or may be required to be disclosed, and consult with them if in doubt; and
- (C) To make senior personnel within his or her area of responsibility aware of the Company's disclosure obligations to ensure that all relevant information is provided to him or her.

(vi) **Releasing Information to the ASX**

The system for releasing information to the ASX for the Company is as follows:

- (A) When any of the Reporting Group becomes aware of information which they believe may need to be disclosed on the basis of the principles described in this document, they should immediately contact and give full details to the Chairperson, Managing Director (or Chief Executive Officer), or Company Secretary.
- (B) Chairperson, Managing Director (or Chief Executive Officer), or Company Secretary will take the following steps in relation to information forwarded to them:
 - Assess whether disclosure is required;
 - Consult the Chairperson and other advisers (including the ASX) as necessary;
 - Prepare a market release for provisions to the ASX;
 - Inform the Managing Director or Chief Executive Officer; and
 - Forward the release to the ASX.
- (C) Prior to each Board Meeting, the Chairperson, Managing Director (or Chief Executive Officer) or Company Secretary should contact the executive members of the Reporting Group to confirm that there is no material requiring disclosure.
- (D) For each set of Board Papers, there should be an agenda item entitled "Continuous Disclosure". In this item, the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary should either:
 - Confirm that there was no material brought to his attention requiring disclosure for the preceding month; or
 - Outline material which has been disclosed.

(vii) **Company Spokespersons**

In order to maintain control over disclosures, the following persons only will be authorised to speak on the Company's behalf to analysts, brokers and institutional investors, and to respond generally to shareholder queries:

- (A) Chairperson;
- (B) Managing Director (or Chief Executive Officer);

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- (C) Company Secretary; and
- (D) Where appropriate, Chairperson-appointed non executive directors.

In order to safeguard against inadvertent disclosure of non-public information to brokers, investors, analysts and institutions prior to it being disclosed to the ASX, contact must be made with the Chairperson, Managing Director (or Chief Executive Officer) or Company Secretary prior to making contact with these persons in order that he may provide a briefing of what has been disclosed by the Company to the ASX.

(viii) **Authorising Disclosures in Advance**

Again, in order to avoid an inadvertent breach of the continuous disclosure obligations, materials to be presented and issues to be discussed at external presentation must be discussed with the Chairperson, Managing Director (or Chief Executive Officer) or Company Secretary prior to presentation in order that he may confirm no non-public material information is being disclosed.

(ix) **Maintenance of Released Material**

The Company Secretary will maintain a register of information disclosed to the ASX and also a register of information disclosed on the Company web site <http://www.metalsfinance.com>.

(x) **The Company Website**

It is intended to implement the inclusion of information released to the ASX on the Company web site <http://www.metalsfinance.com>. In addition, it is intended to add to the web site:

- (A) Other materials presented to analysts and institutions; and
- (B) A summary of briefings made to analysts and institutions;

(xi) **Handling Rumours, Leaks and Inadvertent Disclosures**

It should be noted that any unauthorised leak of information may place the Company in breach of the Listing Rules and could expose persons to allegations of insider trading.

If external contact is made seeking clarification of a rumour in the market place, the enquiry should be referred to the Chairperson, Managing Director (or Chief Executive Officer) or Company Secretary. The recommended response to such query is that “**the Company does not respond to market rumours**”. Consideration will then be given by the Chairperson, Managing Director (or Chief Executive Officer) or Company Secretary as to whether a public announcement is required.

The Reporting Group should notify the Chairperson, Managing Director (or Chief Executive Officer) or Company Secretary of any unauthorised disclosure of information (even if regarded as non-public sensitive).

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Consideration will then be given to the need to make an ASX disclosure.

(xii) **Reviewing Discussions**

In order to ensure no price sensitive material has been inadvertently disclosed, the Chairperson, Managing Director (or Chief Executive Officer) or Company Secretary should be kept apprised of the contents of any substantive contact with analysts, brokers and institutional investors.

(xiii) **Draft Financial Statement and Reports**

Typically, analysts will seek to obtain the Chief Financial Officer's review of draft analyst reports. It is permissible to comment on errors in factual information and underlying assumptions, but comment on price sensitive information should be avoided.

SECTION H- DIVERSITY POLICY

H.1 INTRODUCTION

The Company has adopted the following Diversity Policy (**Policy**).

H.2 OVERVIEW

(a) Purpose

The Company recognises the importance of:

- (i) corporate benefits arising from employee and Board diversity;
- (ii) the Company benefiting from all available talent; and
- (iii) Promoting an environment conducive to the appointment of well qualified employees, senior management and Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals

(b) Scope

The Diversity Policy is aimed at implementing Principle 3 Recommendation 3.2 of the Corporate Governance Principles and Recommendations.

H.3 DIVERSITY STATEMENT

The Company believes that ensuring diversity is not only fundamental to its future growth and progress, but is an integral part of all its business activities worldwide.

We believe that success happens where new ideas can flourish – in an environment that is rich in diversity, a place where people from various backgrounds can work productively together. At the Company we know that an environment that fosters diversity is the kind of environment which brings out the untapped potential that lies in our work force, stimulates innovation and company growth.

Our diversity mission is to become an organization with the following inherent and lasting characteristics:

- Universal recognition by everyone with whom it deals as a company committed to diversity and synonymous with improving the opportunities of disadvantaged groups in employment.
- A workforce that fully reflects the requisite skills available in the relevant employment market.
- A preferred employer and vendor for all cultural groups in the population by virtue of our reputation in this field.
- An environment where every employee understands and voluntarily values diversity in all areas of practice.
- An environment where all employees have the opportunity to reach their highest potential.

The recognition and encouragement of the uniqueness of individual contribution within a team environment is the embodiment of the Company and its employment policies. Our

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philosophy is found in all aspects of employment such as recruitment, compensation, training, promotion, transfer, termination and benefits.

All employees at the Company will be treated as individuals according only to their abilities to meet job requirements, and without regard to factors such as race, colour, ancestry, place of origin, political belief, religion, marital status, family status, physical or mental disability, sex, sexual orientation, age or because of a criminal or summary conviction charge that is unrelated to the employment or the intended employment or any other factor that is legislatively protected.

Any kind of discrimination or harassment based upon these factors is neither permitted nor condoned, and above all, will not be tolerated under any circumstances.

H.4 DISCLOSURE OF MEASUREABLE OBJECTIVES FOR GENDER DIVERSITY

(a) Outline

As proposed by Principle 3 Recommendation 3.3 of the Corporate Governance Principles and Recommendations, the Company will apply its best endeavours to disclose in each annual report the measureable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

(b) Reporting

As proposed by Principle 3 Recommendation 3.4 of the Corporate Governance Principles and Recommendations, it is expected that the Company will first disclose measurable objectives, for gender diversity, in its annual report for the year ended 31st August 2011. The measurable objectives are expected to identify how the Company measures achievement of gender diversity objectives. Reporting would include the proportion of women:

- (i) In the Company;
- (ii) In senior executive positions; and
- (iii) On the Board.

SECTION I- SHAREHOLDER COMMUNICATIONS POLICY

I.1 INTRODUCTION

The Company has adopted the following Communications Policy (**Policy**).

I.2 OVERVIEW

(a) Purpose

The Company recognises the value of providing current, relevant information to its shareholders and of empowering its shareholders through effective communication.

(b) Scope

The Policy is aimed at implementing Principle 6 of the Corporate Governance Principles and Recommendations.

(c) Maintaining Shareholder Communications

It will be the responsibility of the Managing Director or Chief Executive Officer (as the case may be) to ensure that:

- (i) materials required to be disclosed by this Policy are available on the Company website <http://www.metalsfinance.com> within a reasonable timeframe;
- (ii) shareholder communications are distributed to shareholders in accordance with the Corporations Act and Listing Rules; and
- (iii) the Shareholder Communications Policy is updated and maintained as required.

I.3 METHODS OF COMMUNICATION

The following methods of communications will be available to shareholders:

- (i) Telephone;
- (ii) Mail;
- (iii) Email;
- (iv) Facsimile;
- (v) Company website <http://www.metalsfinance.com> ; and
- (vi) Shareholders' meetings.

I.4 ASX ANNOUNCEMENTS

(c) Outline

The Company will apply its best endeavours to make announcements to the ASX in accordance with the ASX Listing Rules.

(d) Availability

All announcements made to the ASX must be available to shareholders:

- (i) under the Corporate section of the Company website <http://www.metalsfinance.com> ; or

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- (ii) by email notification (when shareholders provide their email address and elect to be notified of significant ASX announcements).

I.5 SHARE REGISTRY

General

For all share related enquiries, shareholders should be directed to contact the Company's Share Registry, Registries Limited.

I.6 ANNUAL GENERAL MEETINGS (AGM)

(a) Date and Location of AGM and Notice of Meeting

The date, time and location of the AGM will be detailed in the Notice of AGM which will be mailed to shareholders at least 30 calendar days prior to the day of the AGM. The Notice of AGM will also be posted on the Company's website <http://www.metalsfinance.com> under the Corporate section.

(b) Proxy Form

A proxy form allowing shareholders to appoint a proxy in the event they cannot attend the AGM will accompany the notice of meeting distributed to all shareholders.

(c) Questions from Shareholders to the Chairman and External Auditor at the AGM

At the AGM, shareholders can ask questions about or comment on the Company's affairs, results, management and/or on the conduct of the audit and preparation of the auditor's report.

For shareholders present at the AGM:

The Chairman must provide reasonable time following the consideration of reports, for questions and comments.

For shareholders not present at the AGM:

- Shareholders may forward their questions and comments to the Company prior to the AGM.
- As many as possible of the more frequently asked questions should be answered by the Chairman at the AGM.

(d) Managing Director's (or Chief Executive Officer's) Address

The Managing Director's (or Chief Executive Officer's) address should be announced to the ASX just prior to the commencement of the AGM. It should be available to shareholders in the same manner as other ASX announcements.

I.7 HALF-YEAR & FULL YEAR RESULTS

(a) Timing

Subject to the ASX Listing Rules and the Corporations Act:

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- the financial results for the half year ended 28th February will be reported in April each year; and
- the financial results for the full year ended 31st August will be reported in November each year.

(b) Availability

As the half year and full year results will be announced to the ASX pursuant to the Listing Rules, they will be available to shareholders in the same manner as other ASX announcements.

I.8 MEDIA AND INVESTOR & ANALYST BRIEFINGS

Presentations which are made to the media, investors and analysts must be available to all shareholders under the Corporate section of the Company website <http://www.metalsfinance.com> and released to the market via the ASX, as required.

I.9 ANNUAL REPORT

(a) Timing

The Company's annual report will be available on the Company's website <http://www.metalsfinance.com>, under the Corporate section and prior to the AGM within the timeframe set by the Corporations Act.

(b) Availability

Shareholders should be able to elect to receive the Company's annual report by email or mail. For this to occur, a shareholder must be given the facility to complete an annual report election form, which is available from the Company's Share Registry. The Company's annual report for the current and previous years must be available under the Corporate section of the Company's website <http://www.metalsfinance.com>.

I.10 CORPORATE GOVERNANCE

In accordance with Principle 6, Recommendation 6.1 of the Corporate Governance Principles, the Company must have a Communications Policy on the Company website <http://www.metalsfinance.com>.

I.11 MEDIA RELEASES

Company media announcements released to the market via the ASX must be accessible via the Corporate section of the Company website <http://www.metalsfinance.com>.

SECTION J- RISK MANAGEMENT POLICY

J.1 INTRODUCTION

The Company has adopted the following Risk Management Policy (**Policy**).

J.2 OVERVIEW

(a) Purpose

The Company recognises the value of controlling the risk that arises through its activities.

Eliminating all risk however also adversely affects the ability of the Company to take up opportunities for potential reward.

(b) Scope

The Risk Management Policy is aimed at implementing Principle 7 of the Corporate Governance Principles and Recommendations.

J.3 MAINTAINING RISK MANAGEMENT

It will be the responsibility of the Board for:

- (i) ensuring the development 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;
- (ii) defining and periodically reviewing risk management as it applies to the Company and clearly identify all stakeholders;
- (iii) ensuring the Board clearly communicates the Company's risk management philosophy, policies and strategies to directors, Management, employees, contractors and appropriate stakeholders;
- (iv) ensuring that directors and Management establish a risk aware culture which reflects the Company's risk policies and philosophies;
- (v) reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;
- (vi) making informed decisions regarding business risk management, internal control systems, business policies and practices and disclosures;
- (vii) considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authorities.

J.4 RISK MANAGEMENT POLICIES

The Board will ensure that the necessary controls are in place for risk management policies to be maintained by (Principle 7, Recommendations 7.1 and 7.2), including:

- (i) devising a means of analysing the effectiveness of risk management and internal compliance and control system and of the effectiveness of their implementation;
- (ii) reviewing, at least annually, the effectiveness of the Company's implementation of the risk management system;

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- (iii) ensuring the development 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;
- (iv) defining and periodically reviewing risk management as it applies to the Company and clearly identify all the stakeholders;
- (v) ensuring clear communication of the Company's risk management philosophy, policies and strategies to directors, senior executives, employees, contractors and appropriate stakeholders;
- (vi) ensuring the establishment of a risk aware culture which reflects the Company's risk policies and philosophies;
- (vii) reviewing methods of identifying broad areas of risk and set parameters or guidelines for business risk reviews;
- (viii) considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authority; and
- (ix) ensuring the Board discloses whether it has received assurance from the Chief Executive Officer or Managing Director (if applicable) and the Chief Financial Officer that the declaration required under 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 (Principle 7, Recommendation 7.3).

Annexure A – Compliance Checklist

| ASX Principles/Recommendations | Compliance | MFC Corporate Governance Charter Reference http://www.metalsfinance.com | Disclosure Requirement for Non Compliance |
|--|------------|---|---|
| Principle 1 | | | |
| Principle 1 – Lay solid foundations for management and oversight. Companies should establish and disclose the respective roles and responsibilities of board and management. | | | |
| Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions. Box 1.1 Content of a director’s letter upon appointment | Comply | SECTION B.3 | Not Applicable |
| Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives. | Comply | SECTION D | Not Applicable |
| Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1. | Comply | | Not Applicable |
| Principle 2 | | | |
| Principle 2 – Structure the board to add value Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties. | | | |
| Recommendation 2.1: A majority of the board should be independent directors. Box 2.1: Relationships affecting independent status. | Comply | SECTION B.3 (c) | Not Applicable |

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| ASX Principles/Recommendations | Compliance | MFC Corporate Governance Charter Reference http://www.metalsfinance.com | Disclosure Requirement for Non Compliance |
|---|-------------------|--|---|
| Recommendation 2.2: The chair should be an independent director. | Does not comply | SECTION B.3 (c) | The Company is a small company with limited operations. Accordingly, the Board considers that maintaining a non- executive Chairperson who is not independent is appropriate for the Company's size. |
| Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual. | Comply | SECTION B.3 (c) | Not Applicable |
| Recommendation 2.4: The board should establish a nomination committee. | Does not comply | SECTION E | The Board considers that given the current size, scale and level of complexity of the Company's operations, it is not presently justified to set up a discrete Nominations Committee. The Board as a whole operates as a Nominations Committee. |
| Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors. | Comply | SECTION D | Not Applicable |
| Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2. | Comply | | Not Applicable |

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| ASX Principles/Recommendations | Compliance | MFC Corporate Governance Charter Reference http://www.metalsfinance.com | Disclosure Requirement for Non Compliance |
|---|------------|---|---|
| Principle 3 | | | |
| Principle 3 – Promote ethical and responsible decision-making. Companies should actively promote ethical and responsible decision-making. | | | |
| Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company’s integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. • Box 3.1: Suggestions for the content of a code of conduct | Comply | SECTION B.7 | Not Applicable |
| Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them. Box 3.2: Suggestions for the content of a diversity policy. | Comply | SECTION H | Not Applicable |
| Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. | Comply | SECTION H.4 (a) | Not Applicable |

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| ASX Principles/Recommendations | Compliance | MFC Corporate Governance Charter Reference http://www.metalsfinance.com | Disclosure Requirement for Non Compliance |
|--|-------------------|---|---|
| Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. | Comply | SECTION H.4 (b) | Not Applicable |
| Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3. | Comply | | Not Applicable |
| Principle 4 | | | |
| Principle 4 – Safeguard integrity in financial reporting Companies should have a structure to independently verify and safeguard the integrity of their financial reporting. | | | |
| Recommendation 4.1: The board should establish an audit committee. | Comply | SECTION C | Not Applicable |
| Recommendation 4.2: The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members. | Does not comply | SECTION C.1 | The Company is a small company with limited operations. Accordingly, the Board considers that maintaining two (2) audit committee members, instead of three (3), is appropriate for the Company's size. |
| Recommendation 4.3: The audit committee should have a formal charter. | Comply | SECTION C | Not Applicable |

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| ASX Principles/Recommendations | Compliance | MFC Corporate Governance Charter Reference http://www.metalsfinance.com | Disclosure Requirement for Non Compliance |
|---|-------------------|---|--|
| Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4. | Comply | | Not Applicable |
| Principle 5 | | | |
| Principle 5 – Make timely and balanced disclosure. Companies should promote timely and balanced disclosure of all material matters concerning the company. | | | |
| Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. Box 5.1: Continuous disclosure policies | Comply | SECTION G.11 | Not Applicable |
| Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5. | Comply | | Not Applicable |
| Principle 6 | | | |
| Principle 6 – Respect the rights of shareholders. Companies should respect the rights of shareholders and facilitate the effective exercise of those rights. | | | |
| Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. Box 6.1: Using electronic communications effectively | Comply | SECTION I | Not Applicable |

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| ASX Principles/Recommendations | Compliance | MFC Corporate Governance Charter Reference http://www.metalsfinance.com | Disclosure Requirement for Non Compliance |
|---|-------------------|--|--|
| Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6. | | | |
| Principle 7 | | | |
| Principle 7 – Recognise and manage risk Companies should establish a sound system of risk oversight and management and internal control. | | | |
| Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. | Comply | SECTION J | Not Applicable |
| Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company’s material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company’s management of its material business risks. | Comply | SECTION J.4 | Not Applicable |
| Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) 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. | Comply | SECTION J.4 | Not Applicable |

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| ASX Principles/Recommendations | Compliance | MFC Corporate Governance Charter Reference http://www.metalsfinance.com | Disclosure Requirement for Non Compliance |
|---|-------------------|--|--|
| Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7. | Comply | | Not Applicable |
| Principle 8 | | | |
| Principle 8 – Remunerate fairly and responsibly. Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. | | | |
| <ul style="list-style-type: none"> • Recommendation 8.1: The board should establish a remuneration committee. | Comply | SECTION D | Not Applicable |
| Recommendation 8.2: The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors • is chaired by an independent chair • has at least three members. | Comply | SECTION D.1 | Not Applicable |
| <ul style="list-style-type: none"> • Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. • Box 8.1: Guidelines for executive remuneration packages • Box 8.2: Guidelines for non-executive director remuneration | Comply | SECTION D.3 | Not Applicable |
| <ul style="list-style-type: none"> • Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8. | Comply | | Not Applicable |