



Metals Finance Limited
SPECIALISTS IN METAL RECOVERY

Dear Shareholder,

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF METALS FINANCE LIMITED ABN 83 127 131 604 (COMPANY)

Notice is hereby given that an Annual General Meeting (**AGM**) of the Company's shareholders is to be held as follows:

Venue: Hemming + Hart Level 5 307 Queen Street Brisbane QLD 4000
Time: 11.00 am (Brisbane time)
Date: Thursday 20th December 2012

You are encouraged to attend the Meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay as follows:

Proxies may be lodged using the reply paid envelope, or

- **BY MAIL**
Share Registry
Boardroom Pty Ltd
GPO Box 3993
Sydney NSW 2001
Australia
- **BY FAX**
+ 61 2 9290 9655
- **IN PERSON**
Share Registry
Boardroom Pty Ltd
Level 7
207 Kent Street
Sydney NSW 2000 Australia

Ian Morgan
Company Secretary

16th November 2012

This is an important document that should be read in its entirety.
If you do not understand it, you should consult with your professional advisers without delay.

If you wish to discuss any aspects of this document with the Company, please contact:
Mr. Ian Morgan, Company Secretary of Metals Finance Limited on +61 7 3807 4166.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that an Annual General Meeting of Metals Finance Limited ABN 83 127 131 604 will be held on Thursday 20th December 2012 at 11.00 am (Brisbane time) at Hemming + Hart Level 5 307 Queen Street Brisbane QLD 4000, to consider, and if thought fit, pass the resolutions below.

The Proxy Form accompanying this Notice is incorporated in and comprises part of this Notice.

Explanatory notes, appearing under each item of business below, have been prepared to provide you with material information reasonably required to enable you to make an informed decision on how to vote upon the business to be conducted at the Annual General Meeting (AGM).

The purpose of the AGM is to consider and if thought fit, pass the Resolutions.

The directors recommend that Shareholders read this Notice of Meeting of Shareholders, before determining whether to support the Resolutions or otherwise.

ITEMS OF GENERAL BUSINESS

Receive and consider Financial Statements

To receive and consider the financial statements and reports of the Company for the year ended 31st August 2012.

Note: There is no requirement for Shareholders to approve these reports.

The statutory annual report will be available at least 21 days before Thursday 20th December 2012, for members to access and download from <http://www.metalsfinance.com>

If you would like to receive a hard copy of the statutory annual report free of charge you can contact Metals Finance Limited by telephoning 61 7 3807 4166.

Further information regarding the Financial Statements appears in the attached Explanatory Memorandum.

RESOLUTION 1 Remuneration Report

To consider and if thought fit to pass, with or without amendment, the following resolution as a non-binding resolution:

That the Company adopt the Remuneration Report for the financial year ended 31st August 2012.

Notes:

- This Resolution is advisory only and does not bind the Company or the directors.
- The directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.
- The Chairman of the Meeting intends to vote all available proxies in favour of adopting the Remuneration Report.
- If 25% or more votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors must go up for re-election.

Further information regarding the Remuneration Report appears in the attached Explanatory Memorandum.



NOTICE OF ANNUAL GENERAL MEETING

RESOLUTION 2 Election of Director – Simon Bird

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

“That Mr Simon Bird being a director of the Company who retires by rotation pursuant to rule 13.4 of the Company’s Constitution, and being eligible, is elected as a director of the Company.”

Notes:

- *Mr Bird has consented to be elected a director of the Company.*
- *The non-candidate directors unanimously support the election of Mr Bird.*
- *The Chairman of the Meeting intends to vote undirected proxies in favour of Mr Bird’s election.*

Information about Mr Bird appears in the attached Explanatory Memorandum.

ITEMS OF SPECIAL BUSINESS

RESOLUTION 3 Approval of ESOP

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 of the Listing Rules, Shareholders approve the issue and allotment of Shares under the incentive security scheme for Eligible Employee and Officers (excluding any director of the Company) known as the ‘Metals Finance Limited Employee and Officer Share Option Plan’, a summary of the rules of which are annexed as Annexure A to the Explanatory Statement accompanying this Notice of Meeting, as an exception to Listing Rule 7.1.”

The Chairman of the Meeting intends to vote all available proxies in favour of approving the ESOP.

RESOLUTION 4 Approval of 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment, the following resolution as a special resolution:

“That for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Notes.”

The Chairman of the Meeting intends to vote all available proxies in favour of approving the 10% placement facility.

RESOLUTION 5 Change of Auditor

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, BDO Audit Pty Ltd, being qualified to act, having consented to act and having been nominated by a member of the Company for appointment, is appointed as auditor of the Company.”

Further information regarding the resignation of PKF East Coast Practice and the appointment of BDO Audit Pty Ltd as the Company’s auditor appears in the attached Explanatory Memorandum.



NOTICE OF ANNUAL GENERAL MEETING

VOTING RIGHTS AND PROXIES

Members are encouraged to attend the Meeting, but if you are unable to attend the Meeting, we encourage you to complete and return the enclosed proxy form.

- A member entitled to attend and vote at the Meeting has a right to appoint a proxy.
- This appointment may specify the proportion or number of votes that the proxy may exercise.
- The proxy need not be a member of the Company.
- A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half of the votes.

HOW THE CHAIRMAN OF THE MEETING WILL VOTE UNDIRECTED PROXIES

The Chairman of the Meeting will vote all available proxies in favour of all proposed resolutions.

VOTING EXCLUSIONS

Resolution 1

The Company will disregard any votes cast on Resolution 1 (remuneration report):

- by or on behalf of a member of the Key Management Personnel whose remuneration is disclosed in the Remuneration Report and any Closely Related Party of such a member; or
- as a proxy by a member of the Key Management Personnel or a Closely Related Party of such a member

unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 1:

- in accordance with their directions of how to vote on the Proxy Form; or
- by the Chairman of the Meeting pursuant to an express authorization on the Proxy Form.

Resolution 3

The Company will disregard any votes cast on Resolution 3 by an Eligible Employee and Officer or director of the Company (and any Associates of such a person). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or if it is cast by a person chairing the Meeting as proxy for a person who is entitled to vote in accordance with a direction on a proxy form to vote as the proxy decides.

Resolution 4

The Company will disregard any votes cast on Resolution 4 (approval of 10% placement facility) by a person (and any Associates of such a person) who may participate in the 10% Placement Facility and a person who may obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.



NOTICE OF ANNUAL GENERAL MEETING

PROXY VOTING

To vote by proxy, please complete, sign and return the enclosed Proxy Form without delay as follows:

BY MAIL

Share Registry
Boardroom Pty Ltd,
GPO Box 3993
Sydney NSW 2001

IN PERSON

Share Registry
Boardroom Pty Ltd
Level 7
207 Kent Street
Sydney NSW 2000

BY FAX

+ 61 2 9290 9655

Proxy Forms must be received not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

DATE FOR DETERMINING HOLDERS OF SHARES

For the purposes of regulation 7.11.37 of the Corporations Act and ASX Settlement Operating Rule 5.6.1, the Board has set End of Day on Tuesday, 18th December 2012 as the time and date to determine holders of the Company's ordinary fully paid shares for the purposes of the Annual General Meeting. Share transfers registered after that deadline will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

GLOSSARY

- **AGM, Annual General Meeting or Meeting** means the annual general meeting to commence 11.00 am (Brisbane time) on Thursday 20th December 2012 and notified to the Company's Shareholders by this Notice.
- **Associate** has the meaning given to that term in Part 1.2 Division 2 of the Corporations Act. **Associates** has a corresponding meaning.
- **ASX** means ASX Limited ABN 98 008 624 691.
- **ASX Listing Rules** means the official listing rules issued and enforced by the ASX, as amended from time to time, and **Listing Rules** has a corresponding meaning.
- **BDO Audit Pty Ltd** means BDO Audit Pty Ltd ABN 33 134 022 870
- **Board or Board of Directors** means the board of directors of the Company.
- **Closely Related Party** of a member of the Key Management Personnel means:
 - a spouse or child of the member;
 - a child of the member's spouse;
 - a dependent of the member or the member's spouse;
 - anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
 - a company the member controls; or
 - a person prescribed by the Corporations Regulations 2001 (Cth).
- **Company** means Metals Finance Limited (ABN 83 127 131 604).
- **Consolidated Entity** means the Company together with all the entities it is required by the accounting standards to include in consolidated financial statements.
- **Constitution** means the constitution of the Company, as amended from time to time.
- **Corporations Act** means the Corporations Act 2001 (Commonwealth).
- **Director** means a director of a member of the Group and **Directors** has a corresponding meaning.
- **Eligible Employee and Officer** means a person who is, at the time of an Offer, a director or officer, a full or permanent part-time employee or senior consultant of a member of the Group who have held positions within the Group for at least 12 months, or such other person as the Board determines.
- **End of Day** means on any trading day, 7.00pm Sydney time or such other time as ASX Settlement may from time to time determine.
- **Equity Securities** has the same meaning as in the ASX Listing Rules.



NOTICE OF ANNUAL GENERAL MEETING

- **ESOP** means Metals Finance Limited Employee and Officer Share Option Plan, a summary of the rules of which are annexed as Annexure A to the Explanatory Statement accompanying this Notice of Meeting
- **Explanatory Notes** means the notes included in the Notice which convened this Meeting.
- **Group** means the Company and its Related Bodies Corporate.
- **Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
- **Notice** means this notice of Annual General Meeting.
- **Offer** means an offer made to an Eligible Employee and Officer to subscribe for one or more Options under the ESOP.
- **Option** means an option granted pursuant to the ESOP rules to subscribe for one Share upon and subject to the terms of the ESOP rules and the terms of the Offer.
- **PKF East Coast Practice** means PKF East Coast Practice ABN 83 236 985 726.
- **Related Body Corporate** has the meaning given to that term in section 9 of the Corporations Act.
- **Remuneration Report** means the remuneration report which forms part of the Directors' Report of the Company for the financial year ended 31st August 2012 and which is set out in the 2012 Annual Report.
- **Share** means a fully paid ordinary share in the issued capital of the Company and **Shares** has a corresponding meaning.
- **Shareholder** means shareholder of the Company and **Shareholders** has a corresponding meaning.
- **Trading Day** means a day determined by the ASX to be a trading day, notified to market participants, and otherwise as defined by the ASX Listing Rules.

By order of the Board



Ian Morgan
Company Secretary

16th November 2012



NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT TO SHAREHOLDERS

This Explanatory Statement has been prepared to assist shareholders of the Company to understand the business to be put to the Company's shareholders, for their consideration at the forthcoming Annual General Meeting of the Company.

The directors recommend that you read this Explanatory Statement and attend the forthcoming Annual General Meeting.

Financial Statements

The Corporations Act requires the Company's financial statements for the year ended 31st August 2012 and reports of the directors and auditor to be laid before the Annual General Meeting. The Company's financial statements for the year ended 31st August 2012 and reports of the directors and auditor are contained in the Company's 2012 Annual Report, a copy of which is available on the Company's website at www.metalsfinance.com.

While no resolution is required in relation to this item, the Shareholders should consider the documents and raise any matters of interest with the Company's directors when this item is being considered.

The Company's auditor will be present at the Meeting and the Shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies and the independence of the auditor.

RESOLUTION 1 Remuneration Report

The Remuneration Report of the Company for the financial year ended 31st August 2012 is set out in the Company's 2012 Annual Report which is available on the Company's website www.metalsfinance.com

The Remuneration Report sets out the Company's remuneration arrangements for directors. The Chairman of the Meeting will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the Remuneration Report at the Meeting. In addition, shareholders will be asked to vote on the Remuneration Report.

The resolution is advisory only and does not bind the Company or its directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies. Under the Corporations Act 2001, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors must go up for re-election.

The Company encourages all shareholders to cast their votes on Resolution 1 (Remuneration Report). Shareholders not attending the Meeting may use the enclosed Proxy Form to lodge their vote by appointing a Proxy. Any undirected proxies held by the Chairman of the Meeting, other directors or other Key Management Personnel or any of their Closely Related Parties will not be voted on Resolution 1 (Remuneration Report), unless the vote is cast by the Chairman of the Meeting pursuant to an express authorization on the Proxy Form made by a Shareholder who is entitled to vote on Resolution 1.

Key management personnel of the Consolidated Entity are the directors of the Company, and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 31st August 2012. Their Closely Related Parties are defined in the Corporations Act 2001, and include certain of their family members, dependants and companies they control. If you choose to appoint a



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proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Voting Form for that item of business.

RESOLUTION 2: Election of Director – Simon Bird

It is a requirement under the Company's Constitution, Clause 13.4 that one third of all directors (other than the Managing Director and directors appointed since the last annual general meeting to fill a casual vacancy) retire at each annual general meeting. Accordingly, Mr. Simon Bird retires from office, and being eligible, offers himself for election as a non-executive director of the Company.

Simon Bird B.Compt (University of South Africa), B.Compt (Hons) (University of South Africa), FCPA, FAICD.

Mr Bird joined Metals Finance Limited in July 2010 as a non-executive Director.

He is the Chief Executive Officer and a director of King Island Scheelite Limited and non-executive director of ASX listed company Mount Gibson Iron Limited and chairs their Audit Committee.

He also chairs the Metals Finance Limited Audit Committee and is a former director of the Board of CPA Australia Limited.

His 30 year professional career in Australia, Africa and Europe includes six years with PricewaterhouseCoopers and time in the resources, financial services, property, infrastructure and agricultural sectors. Time in Australia includes roles as Chief Financial Officer with Stockland Limited, Graincorp Limited and the Wizard Mortgage Corporation. He is also a Fellow of the Australian Institute of Company Directors (FAICD) and a Fellow of CPA Australia (FCPA).

RESOLUTION 3 Approval of ESOP

The Company's directors consider that it is desirable to renew an option plan under which employees may be offered the opportunity to subscribe for options to acquire Shares in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees.

The ESOP is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that these incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The ESOP is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Listing Rule 7.1 provides that the Company must not issue more than 15% of its issued capital in any 12 month period without shareholder approval. Shareholder approval is sought for the purposes of Listing Rule 7.2, Exception 9(b), which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years after the date of approval.

Under the ESOP, the Board may offer to eligible persons the opportunity to subscribe for such number of Employee Options in the Company as the Board may decide and on the terms set out in the rules of the ESOP, a copy of which is contained in Annexure A of this Explanatory Statement. Employee Options granted under the ESOP will be offered to participants in the ESOP on the basis of the Board's view of the contribution of the eligible person to the Company.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- a copy of the rules of the ESOP is attached as Annexure A to this Explanatory Statement;



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- Since the date of the last approval, 2,500,000 Employee Options have been issued under the ESOP; and
- a voting exclusion statement has been included for the purposes of Resolution 3.

RESOLUTION 4 Approval of 10% Placement Facility

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

Further information is set out in section (c) below.

The effect of Resolution 4 will be to allow the Board to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Description of Listing Rule 7.1A

(a) Shareholder Approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing **quoted** class of Equity Securities of the Company. At the date of the Notice, the Company only has quoted shares on issue and no quoted options or convertible securities.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:



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- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that become fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under the Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Number of Shares on Issue

At the date of the Notice, the Company has a total of 73,109,576 Shares on issue.

Based on 73,109,576 total Shares on issue and subject to receiving Shareholders' approval at the Meeting, during 12 months commencing Thursday 20th December 2012 the Company has the following maximum capacity to issue Equity Securities without Shareholder approval:

| | % | Maximum number of Equity Securities |
|--|----|-------------------------------------|
| In accordance with Listing Rule 7.1 and 7.4 | 15 | 10,966,436 |
| In accordance with Listing Rule 7.1A and subject to Shareholders' approval at the Meeting. | 10 | 7,310,957 |
| Total | | 18,277,393 |

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price (VWAP) of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires the earlier to occur of:

- (a) the date that is 12 months after the date of the annual general meeting at which approval is obtained; or
- (b) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main understanding),

or such longer period if allowed by ASX (10% Placement Period).



NOTICE OF ANNUAL GENERAL MEETING

Specific Information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- (a) the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of options, only if the options are exercised). There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

| Variable 'A' in Listing Rule 7.1A.2 | | | Variable | | | |
|-------------------------------------|----------------------|---------------------------|---------------------|-----------------------------|-------------------|------------------------------|
| | | Number of Shares examples | | 50% decrease in Issue Price | Issue Price | 100% Increase in Issue Price |
| | Issue price examples | | | 2.5 cents | 5.0 cents | 10.0 cents |
| Current Variable A | | 73,109,576 | 10% Voting Dilution | 7,310,958 | 7,310,958 | 7,310,958 |
| | | | Funds raised | \$182,774 | \$365,548 | \$731,096 |
| 50% increase in Current Variable A | | 109,664,364 | 10% Voting Dilution | 10,966,436 | 10,966,436 | 10,966,436 |
| | | | Funds raised | \$274,161 | \$548,322 | \$1,096,644 |
| 100% increase in Current Variable A | | 146,219,152 | 10% Voting Dilution | 14,621,915 | 14,621,915 | 14,621,915 |
| | | | Funds raised | \$365,548 | \$731,096 | \$1,462,192 |

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No options (including any options issued under the 10% Placement Facility) are exercised before the date of the issue of the Equity Securities;



NOTICE OF ANNUAL GENERAL MEETING

- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes options, it is assumed that those options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (vii) The issue price is \$0.05, being the closing price of the Shares on the ASX on 12th November 2012.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to allocate the funds towards additional working capital while the Company progresses development funding for the Dolphin Project.

The Company will comply with the disclosure obligations under the Listing Rules 7.1A (4) and 3.10.5A upon issue of any Equity Securities. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be vendors of the new resources assets or investments.

- (e) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.



NOTICE OF ANNUAL GENERAL MEETING

RESOLUTION 5 Change of Auditor

Resolution 5 deals with the appointment of BDO Audit Pty Ltd as auditor of the Company.

On 1st August 2012, the Company's auditor PKF East Coast Practice integrated with BDO Australia.

As a result of the financial integration of the Brisbane Office of PKF East Coast Practice with BDO Audit Pty Ltd on 1st August 2012, notification was given to the Company and the Australian Securities & Investments Commission by BDO East Coast Partnership (formerly PKF East Coast Practice) of their intention to resign as auditor effective at the close of the Annual General Meeting, conditional on the Australian Securities & Investments Commission consenting to the resignation in accordance with section 329(5) of the Corporations Act.

On 9th November 2012, the Australian Securities & Investments Commission consented, in accordance with section 329(5) of the Corporations Act, to the resignation of BDO East Coast Partnership (formerly PKF East Coast Practice) as the Company's auditor, effective at the close of the Annual General Meeting.

BDO Audit Pty Ltd, having consented to act, has been approved by the Board as the replacement auditor.

A copy of the Notice of Nomination of BDO Audit Pty Ltd as auditor received by the Company from Patrick Anthony Treasure is attached as Annexure B.

Under the Corporations Act, Shareholder approval is required for the appointment of BDO Audit Pty Ltd as the new auditor and the consent of the Australian Securities & Investments Commission is required for the resignation of PKF East Coast Practice as the current auditor. Subject to Shareholder approval, the appointment of BDO Audit Pty Ltd will become effective from the close of the Annual General Meeting.



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NOTICE OF ANNUAL GENERAL MEETING

ANNEXURE A

A copy of a summary of the rules for the Metals Finance Limited Employee and Officer Share Option Plan is attached to this Annexure A to the Notice.



**Metals Finance Limited
ACN 127 131 604**

**Employee and Officer Share
Option Plan Rules**



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METALS FINANCE LIMITED

ACN 127 131 604

EMPLOYEE AND OFFICER SHARE OPTION PLAN PLAN RULES

2. DEFINITIONS AND INTERPRETATIONS

2.1 Definitions

In these Rules, the following words and expressions have the meanings indicated unless the contrary intention appears:

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in section 139GE of the Income Tax Assessment Act.

ASX means ASX Limited ABN 98 008 624 691.

Board means all or some of the Directors acting as a board or a committee of the Board appointed for the purposes of the Plan or these Rules.

Business Day means a day which is not a Saturday, Sunday or public holiday in Queensland or any other day that ASX declares is not a business day.

Ceasing Date has the meaning given in Rule 9.4.

Ceasing Event has the meaning given in Rule 9.5.

Company means Metals Finance Limited ACN 127 131 604.

Constitution means the constitution of the Company.

Control has the meaning given to that term in section 50AA of the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of a member of the Group.

Eligible Employee and Officer means a person who is, at the time of an Offer, a director or officer, a full or permanent part-time employee or senior consultant of a member of the Group who have held positions within the Group for at least 12 months, or such other person as the Board determines.

Exercise Condition means in respect of an Option any condition set out in the Offer which must be satisfied before that Option can be exercised or any other restriction on exercise of that Option specified in the Offer or in these Rules.

First Quotation means the day on which Shares are first quoted for trading on ASX.

Group means the Company and its Related Bodies Corporate.

Income Tax Assessment Act means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth), as appropriate.

Lapsing Date means, in respect of an Option the date which is five years after the date of the grant of that Option, or such other date as the Board determines in its discretion with respect to that Option at the time of the grant of that Option.

Life means, in relation to an Option, the period between the date of the grant of the Option and the first to occur of the date the Option lapses pursuant to Rule 9 and the Lapsing Date.

Listing Rules means the official Listing Rules of ASX, as amended or replaced from time to time, except to the extent of any express written waiver by ASX in their application to the Company.

Marketable Parcel has the meaning given to that term in the Listing Rules.

Nominee has the meaning given in Rule 6.4.

Offer means an offer made to an Eligible Employee and Officer to subscribe for one or more Options under the Plan.

Option means an option granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the terms of the Offer.

Option Exercise Price means in respect of an Option, the price per Share determined in accordance with Rule 8 and specified in the Offer made in respect of that Option.

Outstanding Options means, in relation to a Participant, Options which remain unexercised from time to time and have not lapsed or been surrendered and the right to exercise that Option lost.

Participant means an Eligible Employee and Officer to whom Options have been granted under the Plan, or if Rule 6.4 applies, an Associate of the Eligible Employee and Officer to whom Options have been granted under the Plan.

Permanently Disabled means, in relation to a Participant, a Participant who is deemed, at the discretion of the Board, to be totally and permanently disabled.

Plan means the Employee and Officer Share Option Plan established in accordance with these Rules.

Product Disclosure Statement has the meaning given to that term in Chapter 7 of the Corporations Act.

Quoted means official quotation of securities on ASX.

Record Date has the meaning given to that term in the Listing Rules.

Related Body Corporate has the meaning given to that term in section 9 of the Corporations Act.

Relevant Interest has the meaning given to that term in section 608 of the Corporations Act.

Relevant Person means:

- (a) in respect of an Eligible Employee and Officer, that person; and
- (b) in respect of a Nominee of an Eligible Employee and Officer being a permitted Nominee under Rule 6.4, that Eligible Employee and Officer.

Rules means the rules of the Plan set out in this document.

Share means a fully paid ordinary share in the capital of the Company or, if at any time the Company's issued ordinary share capital consists of shares of some

other description by virtue of an event of a kind dealt with by Rule 14.1, a share of that description.

Takeover Bid has the meaning given to that term in section 9 of the Corporations Act.

Trading Day means a Business Day other than a day which ASX declares is not a trading day but including a day which for the purposes of settlement ASX declares is a trading day, notwithstanding that there is to be no official meeting of that stock exchange or that dealings between participating organisations of that stock exchange are suspended on that day.

Voting Power has the meaning given to that term in section 610 of the Corporations Act.

2.2 Interpretation

In these Rules (unless the context otherwise requires),

- (a) headings are for convenience only and do not affect interpretation;
- (b) and unless the context indicates a contrary intention:
- (c) the expression “**person**” includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes the party’s executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (e) a reference to any document (including these Rules) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (h) references to parties, rules, schedules, exhibits or annexures are references to parties, rules, schedules, exhibits and annexures to or of these Rules, and a reference to these Rules includes any schedule, exhibit or annexure to these Rules;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) the word “includes” in any form is not a word of limitation; and
- (k) a reference to “\$” or “dollar” is to Australian currency.

2.3 Applicable Legislation

These Rules, the offering and granting of any Options, the rights attaching to the Options granted and the issue of any Shares pursuant to the exercise of Options will at all times be subject to the Corporations Act, the Income Tax Assessment Act and any other applicable legislation from time to time and, following First Quotation, subject also to the Listing Rules.

2.4 Reference to Shares

A reference to a Share comprised in an Option is a reference to the Share for which the Participant has, for the time being, an Option to subscribe by reason of the grant to him or her of that Option, including any Share resulting from an adjustment made pursuant to these Rules.

2.5 Rounding

Where any calculation or adjustment to be made pursuant to these Rules produces a fraction of a cent or a fraction of an Option or a fraction of a Share, the fraction will be eliminated by rounding to the nearest whole number.

3. Purpose

The purpose of the Plan is to:

- (a) encourage participation by Eligible Employee and Officers in the Company through Share ownership; and
- (b) attract, motivate and retain Eligible Employee and Officers.

4. Commencement of the plan

The Plan will commence on the date determined by the Board.

5. Number of options to be offered

5.1 Number of Options

Subject to Rule 5.3, the number of Options (if any) to be offered to an Eligible Employee and Officer from time to time will be determined by the Board in its discretion and in accordance with the Rules and applicable law.

5.2 No Consideration

Options issued under the plan will be issued for no consideration.

5.3 Limitation on Offers to 5%

The Company will not make an Offer if, at the time of that Offer, the total number of Shares to be received on exercise of Options the subject of that Offer, when aggregated with:

- (a) the number of Shares which would be issued were each outstanding offer with respect to Shares, units of Shares and options to acquire unissued Shares, under the Plan or any other employee share scheme extended only to Eligible Employees to be accepted or exercised; and
- (b) the number of Shares issued, during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to Eligible Employees,

but disregarding any offer made, or option acquired or Share issued by way of or as a result of:

- (c) an offer to a person situated at the time of receipt of the offer outside Australia; or

- (d) an offer that was an excluded offer or invitation within the meaning of the *Corporations Law* as it stood prior to the commencement of Schedule 1 to the *Corporate Law Economic Reform Program Act 1999*; or
 - (e) an offer that did not need disclosure to investors because of section 708 of the *Corporations Act*; or
 - (f) an offer that did not require the giving of a Product Disclosure Statement because of section 1072D of the *Corporations Act*; or
 - (g) an offer made under a disclosure document (as defined in section 9 of the *Corporations Act*) or Product Disclosure Statement,
- would exceed 5% of the total number of issued Shares at the time of that Offer.

6. Offers of options

6.1 Form of Offer

Each offer must be in writing and:

- (a) specify the name and address of the Eligible Employee and Officer to whom the Offer is made;
- (b) specify the number of Options being offered;
- (c) specify the Option Exercise Price;
- (d) state that no amount is payable on the issue of any Option;
- (e) specify the date of the Offer;
- (f) specify the date by which the Offer must be accepted and the manner of acceptance of the Offer;
- (g) include an undertaking that, and an explanation of the way in which, the Company will, during any period or periods during which the Participant may acquire the Shares the subject of the Option, within a reasonable period of the Participant so requesting, make available to the Participant information on the current market price of the Shares, and such other undertakings as may be required by law or any requirement, policy or practice of ASIC;
- (h) specify terms and conditions and/or any restrictions (including performance hurdles) on a Participant's right to exercise Options;
- (i) be accompanied by a copy of these Rules; and
- (j) otherwise be on terms which the Board may, in its discretion from time to time, determine.

6.2 Determination by the Board

The Board, acting in its absolute discretion may:

- (a) offer Options to any Eligible Employee and Officer from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:
 - (i) the Eligible Employee and Officer's length of service with the Group;
 - (ii) the contribution made by the Eligible Employee and Officer to the Group;

- (iii) the potential contribution of the Eligible Employee and Officer to the Group; or
 - (iv) any other matter the Board considers relevant; and
- (b) impose conditions, including performance-related conditions, on the right of a Participant to exercise any Option granted.

6.3 Personal Offer

Subject to Rule 6.4, an Offer is personal and is not assignable.

6.4 Renunciation

Upon receipt of an Offer, an Eligible Employee and Officer may, by notice in writing to the Board, nominate an Associate of that Eligible Employee and Officer (“**Nominee**”) in whose favour the Eligible Employee and Officer wishes to renounce the Offer. The Board may, in its discretion, resolve not to allow a renunciation of an Offer in favour of a Nominee without giving any reason for that decision. If the Board resolves to allow a renunciation of an Offer in favour of a Nominee, the Eligible Employee and Officer will procure that the permitted Nominee accepts the Offer made to that Eligible Employee and Officer and that both the Eligible Employee and Officer and the Nominee agree to be bound by the Rules.

6.5 Time Period

An Eligible Employee and Officer (or permitted Nominee) may only accept an Offer within the time period specified in the Offer document.

7. Grant of options

7.1 Valid Acceptance

Where the Company receives a valid acceptance of an Offer under the Rules, it will grant the Options to the Participant within 10 Business Days of receipt of the valid acceptance and will issue to the Participant a certificate in respect of the Options granted (including on the certificate a notice of exercise of Options).

7.2 Rules

Options must be issued in accordance with the Rules and each Participant to whom Options are granted will be taken to have agreed to be bound by the Rules and the terms upon which those Options were granted.

7.3 No Listing

The Options will not be listed on any stock exchange.

8. Exercise Price

8.1 Option Exercise Price

In respect of any proposed Offer, the Board may determine the Option Exercise Price for that Offer in its absolute discretion.

8.2 Minimum Exercise Price

The Option Exercise Price in respect of an Offer made following First Quotation must not be less than any minimum price specified in the Listing Rules.

9. When Options may be exercised

9.1 Exercise

- (a) Subject to Rules 9.1(b) and 9.4, a Participant will be entitled to exercise Options granted as a result of an Offer in respect of which all Exercise Conditions have been satisfied and which are otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.
- (b) No Option may be exercised unless at the time of exercise of the Options, the Shares have been Quoted throughout the 12 month period immediately preceding the exercise of the Option without suspension for more than a total of 2 Trading Days during that period.
- (c) Once an Option is capable of exercise in accordance with this Rule 9.1, it may be exercised at any time up until 5.00pm in Brisbane on the Lapsing Date.

9.2 One or Several Parcels

Subject to Rule 9.1, Options may be exercised in one parcel equal to the total number of Options which are then exercisable, or in several parcels which, when aggregated, equal the total number of Options which are then exercisable, provided that the number of Shares issued upon exercise of the number of Options in any parcel is not less than a Marketable Parcel.

9.3 Adjustment to Terms of Exercise

- (a) The Board will have the power to make adjustments to or vary the terms of exercise of an Option. Following First Quotation, any proposed variation or adjustment will be subject to any requirements of the Listing Rules.
- (b) No adjustment or variation of the terms of exercise of an Option will be made without the consent of the Participant who holds the relevant Option if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of his or her Outstanding Options), other than an adjustment or variation introduced primarily:
 - (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
 - (ii) to correct any manifest error or mistake; or
 - (iii) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of ASIC or other foreign or Australian regulatory body.

9.4 Lapsing of Options

Subject to the terms of the Offer made to a Participant and unless Rule 9.5 or Rule 9.6, if in respect of a Participant, the Relevant Person ceases to be an employee or director of, or to render services to, a member of the Group for any reason whatsoever (including without limitation resignation, or termination for cause) the Participant's Options will lapse 90 days after ceasing to be an employee or director of, or to render services to, a member of the Group and all rights in respect of those Options will thereupon be lost.

9.5 Death, Permanent Disability or Retirement

If in respect of a Participant, the Relevant Person is made redundant, dies, becomes Permanently Disabled or resigns employment on the basis of retirement from the workforce, during the Life of any Options granted to that Participant (**"Ceasing Event"**):

- (a) the Participant or the Participant's legal personal representative, where relevant, may exercise those Options which at that date:
 - (i) have become exercisable;
 - (ii) have not already been exercised; and
 - (iii) have not lapsed,
 - (iv) in accordance with (c);
- (b) at the absolute discretion of the Board, the Board may resolve that the Participant, or the Participant's legal personal representative, where relevant, may exercise those options which at that date:
 - (i) have not become exercisable; and
 - (ii) have not lapsed,

in accordance with Rule (c) and, if the Board exercises that discretion, those unexercisable Options will not lapse other than as provided in Rule (c) and Rule 11;

- (c) The Participant or the Participant's legal personal representative (as the case may be) must exercise the Options referred to in Rule (a) and, where permitted, Rule (b), no earlier than First Quotation and not later than the first to occur of:
 - (i) the Lapsing Date of the Options in question; and
 - (ii) the date which is 6 months after the Ceasing Event or 6 months after First Quotation (whichever occurs first) provided that in the case of Options referred to in Rule (b), all Exercise Conditions have been met at that time (unless the Board decides to waive any relevant Exercise Conditions, in its absolute discretion);
- (d) Options which have not been exercised by the end of the period specified in Rule (c) lapse immediately at the end of that period and all rights in respect of those Options will thereupon be lost; and
- (e) Where the Lapsing Date for an Option the subject of this Rule 9.5 occurs before First Quotation, that Option lapses at the end of its Lapsing Date and all rights in respect of that Option will thereupon be lost notwithstanding the terms of this Rule 9.5.

9.6 Discretionary Exercise of Options

Where, in respect of a Participant, the Relevant Person ceases to be an employee or director of, or to render services to, a member of the Group, for any reason, prior to the date on which Options become exercisable (**"Ceasing Date"**) the Board may, in its absolute discretion, determine that some or all of the Options held by that Participant do not lapse and may be exercised by the Participant, if otherwise permitted under the Rules, no earlier than First Quotation and no later than the date which is 6 months after the Ceasing Date or 6 months after First Quotation (whichever occurs first). Options which have not been exercised by the

end of that period lapse immediately and all rights in respect of these Options will thereupon be lost.

9.7 Notice

The Company will send a notice addressed to the Participant (or where the Participant is not the Relevant Person, to the Relevant Person) setting out the number of Options which can be exercised by the Participant and the period(s) during which the Participant may exercise those Options fourteen days prior to the first day of the relevant exercise period of any of the Options granted to a Participant together with such other information as is required by the Corporations Act, the Income Tax Assessment Act, any other applicable legislation from time to time and, following First Quotation, the Listing Rules.

10. Manner of Exercise of options

10.1 Delivery to Company Secretary

Options granted to a Participant may only be exercised by delivery to the Company's secretary (at a time when the Options may be exercised) of:

- (a) the certificate for the Options or, if the certificate for the Options has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost, mutilated or destroyed;
- (b) a notice addressed to the Company and signed by the Participant:
 - (i) stating that the Participant exercises the Options and specifying the number of Options which are exercised; and
 - (ii) specifying the subregister of the Company in which the Shares referred to in Rule 10.2(a) are to be recorded; and
- (c) payment to the Company of an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised.

10.2 Issue of Shares

If the items specified in Rule 10.1 are delivered in accordance with that Rule, the Company will, subject to the Listing Rules (if relevant):

- (a) within 10 Business Days of delivery of the documents referred to in Rule 10.1 issue to the Participant the Shares credited as being fully paid in respect of which the Options are exercised together with any additional Shares an entitlement to which has arisen under Rules 12 and 13 in consequence of the exercise of the Options; and
- (b) cancel the certificate delivered pursuant to 10.1(a), if any Options which have not lapsed remain unexercised, deliver to the Participant a replacement certificate reflecting the number of those Options which remain unexercised.

10.3 Death of Participant

If the Participant has died, the Participant's legal personal representative will stand in the place of the Participant for the purposes of Rules 10.1 and 10.2 subject only to prior production to the Company of such evidence as would be

required to permit the legal personal representative to become registered as a shareholder in respect of Shares held by the Participant.

10.4 Beneficial Owner of Shares

From and including the date of issue to a Participant of any Shares in accordance with these Rules, the Participant will:

- (a) be the beneficial owner of those Shares; and
- (b) subject to Rule 10.6, the Corporations Act, the Constitution and, after First Quotation, the Listing Rules, be entitled to deal with those Shares as beneficial owner.

10.5 Equal Rank

A share issued on exercise of an Option will rank equally in all respects with Shares already on issue on the date of exercise of the Option, except for entitlements which had a Record Date before the date of issue of that Share.

10.6 Official Quotation

After First Quotation, the Company will make application for Shares which are issued after that time pursuant to Rule 10.2 to be Quoted in accordance with the Listing Rules.

11. Lapse of options not exercised

If an Option has not been exercised on or before the Lapsing Date, the Option lapses and all rights in respect of that Option will thereupon be lost.

12. New issues and adjustments for rights issues

12.1 New Issues

Subject to the Listing Rules (where relevant), a Participant may only participate in respect of an Option in a new issue of Shares or other securities to holders of Shares if the Option has been exercised in accordance with its terms on or before the Record Date for determining entitlements to the issue.

12.2 No variation of Option Exercise Price or Number of Securities

Subject to the Listing Rules (where relevant), a Participant has no entitlement or right to any variation in the Option Exercise Price or to the number of underlying securities over which the Option can be exercised.

13. Adjustment for bonus issues

If, during the Life of any Option, Shares are issued pro rata to the Company's shareholders for which no consideration is payable by those shareholders, the Participant will be entitled, upon later exercise of that Option, to receive in addition to the Share comprised in the Option an issue of so many additional Shares as would have been issued to a shareholder who, on the Record Date for determining entitlements under the bonus issue, held Shares equal in number to the Shares comprised in the Option exercised.

14. Adjustment for Reconstructions

14.1 Reorganisation of Issued Capital

In the event of any reorganisation of the issued capital of the Company other than a bonus issue of the type described in Rule 13, the rights of Participants will be changed to the extent necessary to comply with the Listing Rules (where relevant) applying to a reorganisation of capital of a body corporate.

14.2 New or amended Option Certificates

After each reorganisation of the issued capital of the Company, upon the return by the Participant of the original Option certificate to the Company, that Option certificate will be amended or a new Option certificate will be issued to reflect either or both the adjusted number of Shares that may be taken up upon the exercise of that Option and the adjusted Option Exercise Price (as the case may be).

15. Notice of adjustments and cumulation of adjustments

15.1 Cumulation of Adjustments

Effect will be given to Rule 13 and 14 in such manner that the effect of the successive applications of them is cumulative, with the intention being that the adjustments they progressively effect will reflect previous adjustments.

15.2 Notice of Adjustments

Whenever the number of Shares comprised in an Option or the Option Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant and ASX together with calculations on which the adjustment is based.

16. Takeovers

If, after First Quotation and during the Life of an Option:

- (a) a Takeover Bid is made to the Company's shareholders to acquire their Shares and the Board becomes aware that a bidder who did not have a Relevant Interest in more than 50% of the Company's issued Shares has acquired (or become entitled to acquire) a Relevant Interest in more than 50% of the Company's issued Shares, then the Board may resolve that the Company notify each Participant in writing that all of his or her unexercised Options (whether vested or not) will be exercisable. Upon receipt of that notice, each Participant will be entitled to exercise all or any of his or her unexercised Options; or
- (b) the Board concludes that there has been a change in Control of the Company, the Board may resolve that the Company notify each Participant in writing that all of his or her unexercised Options (whether vested or not) will be exercisable. Upon receipt of that notice, each Participant will be entitled to exercise all or any of his or her unexercised Options.

17. Administration of the Plan

- (a) The Plan will be administered by the Board in accordance with these Rules. The Board may make regulations for the operation of the Plan which are consistent with these Rules.
- (b) Any power or direction which is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.
- (c) Any power or discretion which is conferred on the Board by these Rules may be delegated by the Board for such period and upon such conditions as the Board may determine to:
 - (i) a committee consisting of such Directions as the Board determines; or
 - (ii) Every exercise of discretion by the Board (or its delegate) and every decision of the Board as to the interpretation, effect or application of these Rules is final, conclusive, and binding.

18. Termination and Suspension of the plan

The Plan may be terminated or suspended at any time by resolution of the Board. Termination or suspension of the Plan will not affect the rights of Participants who were granted Options prior to that termination or suspension.

19. Rights and Obligations of Participants

19.1 Rights of Participants

Nothing in these Rules:

- (a) confers on an Eligible Employee the right to receive any Shares;
- (b) confers on a Relevant Person the right to continue as an employee of the Group;
- (c) affects any rights which any member of the Group may have to terminate the employment of any employee; or
- (d) may be used to increase damages in any action brought against any member of the Group in respect of any such termination.

19.2 Rules

All Participants will be entitled to the benefit of and will be bound by the terms and conditions of the Rules and any amendments thereto.

19.3 Offer

The Plan will not form part of any contract between any member of the Group and any Participant and will not confer directly or indirectly on any Participant any legal or equitable rights whatsoever against any such corporation (other than rights as a Participant under the Plan against the Company).

19.4 Company Reports

Every report and other document sent by the Company to its shareholders generally will, during the Life of any Option, be sent also to the holders of any Options.

19.5 Rights of Optionholders

A grant of an Option does not confer on a Participant any right to receive notice of, or to vote at, a meeting of member of the Company or any right to receive a dividend, before the Option is exercised.

19.6 Assignment of Options

Subject to the Board's consent (which may be given in the Board's absolute discretion), options granted cannot be assigned (other than to the legal personal representative of the Participant as contemplated in Rule 9.5).

20. Amendment of these Rules

20.1 Amendments

Subject to the Listing Rules and Rule 20.2, the Company may at any time be written instrument or by resolution of the Board, amend all or any of the provisions of these Rules (including this Rule 20).

20.2 No Reduction of Rights

- (a) Subject to Rule (b), no amendment of the provisions of these Rules is to reduce the rights of any Participant in respect of his or her Outstanding Options, other than an amendment introduced primarily;
 - (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
 - (ii) to correct any manifest error or mistake; or
 - (iii) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of ASIC or other foreign or Australian regulatory body.
- (b) Notwithstanding Rule (b), the Company may amend all or any of the provisions of these Rules, provided that the Company provides to any affected Participant appropriate compensation, such that the Participant remains no worse off as a result of any such amendment.

20.3 Retrospectivity

Subject to Rules 20.1 and 20.2, any amendment made pursuant to Rule 20 may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

21. Attorney

Each Participant, in consideration of an Offer:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the Participant's attorney to complete and execute any documents including

applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules; and

- (b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;
- (c) releases each member of the Group and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
- (d) indemnifies and holds harmless each member of the Group and the attorney in respect thereof.

22. ASIC relief

Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

23. Notices

Any notice to Participants may be given in such manner as the Board determines.

24. Governing Law

This Plan is governed by and shall be construed and take effect in accordance with the laws of Queensland.

NOTICE OF ANNUAL GENERAL MEETING

ANNEXURE B

A copy of the Notice of Nomination of BDO Audit Pty Ltd received by the Company from Patrick Anthony Treasure is attached to this Annexure B to the Notice.

14 November 2012

Ian Morgan
Company Secretary
Metals Finance Limited
PO Box 689
Ormeau 4208 Queensland

Dear Ian,

I, Patrick Anthony Treasure being a member of Metals Finance Limited ABN 83 127 131 604 (**Metals Finance**), pursuant to Section 328(B)(1) of the Corporations Act 2001, hereby nominate BDO Audit Pty Ltd ABN 33 134 022 870 for appointment as auditor of Metals Finance and its controlled entities at the next Annual General Meeting or any adjournment of that Meeting.

Yours faithfully,



Patrick Anthony Treasure



FOR ALL ENQUIRIES CALL:
(within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

FACSIMILE
+61 2 9290 9655

ALL CORRESPONDENCE
TO:

Boardroom Pty Ltd
GPO Box 3993
Sydney NSW 2001
Australia

YOUR VOTE IS IMPORTANT

**FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 11:00AM
(AEST) TUESDAY 18th DECEMBER 2012**

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Security holders sponsored by a broker should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy
If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered security holder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

STEP 3 Sign the Form

The form **must** be signed

In the spaces provided you must sign this form as follows:

Individual: This form is to be signed by the security holder.

Joint Holding: where the holding is in more than one name, all the security holders must sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at **11.00am (AEST) on Thursday 20th December 2012**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged using the reply paid envelope or:

- **BY MAIL**
Share Registry
Boardroom Pty Ltd,
GPO Box 3993
Sydney NSW 2001
Australia
- **BY FAX**
+ 61 2 9290 9655
- **IN PERSON**
Share Registry
Boardroom Pty Ltd
Level 7
207 Kent Street
Sydney NSW 2000 Australia

STEP 1 - Appointment of Proxy

I/We being a member/s Of **Metals Finance Limited** and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the Annual General Meeting of Metals Finance Limited to be held at **Hemming + Hart Level 5 307 Queen Street Brisbane QLD 4000 commencing 11.00am (AEST) on Thursday 20th December 2012** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote please place a mark in the box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions. Votes cast by the Chairman of the Meeting for the resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in calculating the required majority if a poll is called on the resolutions.

I/we authorize the Chairman of the Meeting to vote on Resolution 1 in accordance with his/her intentions as set out in the Notice of Meeting and this form (except where I/we have indicated a different voting intention by marking the voting boxes). I/we acknowledge that the Chairman of the Meeting may exercise my/our proxy in relation to Resolution 1, even though Resolution 1 is connected directly or indirectly with the remuneration of members of Key Management Personnel of the Consolidated Entity.

If you do not mark this box and you do not direct the Chairman of the Meeting how to vote on Resolution 1, the Chairman of the Meeting will NOT cast any vote in respect of Resolution 1 that arise from undirected proxies.

If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in computing the required majority on a poll.

STEP 2 - Voting directions to your Proxy – please mark to indicate your directions

| Ordinary Business | For | Against | Abstain* |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 To adopt the Remuneration Report for 31 st August 2012. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 To elect Simon Bird as a director. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 To approve ESOP | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 To approve 10% Placement Facility. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 To approve change of Auditor. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

In addition to the intentions advised above. The Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 3 - PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /2012