



METALS FINANCE CORP

SPECIALISTS IN METAL RECOVERY

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

CDI VOTING INSTRUCTION FORM

in respect of an

ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held at 10:00 a.m. (ESDT) on Tuesday, 16 December 2008

As at and dated 14 November 2008

IMPORTANT INFORMATION

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

UNIT 32, 28 BURNSIDE ROAD YATALA 4207
PO BOX 689 ORMEAU 4208
QUEENSLAND, AUSTRALIA
TEL: 61-7-3807-4166
FAX: 61-7-3807-3801

www.metalsfinance.com

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METALS FINANCE CORP

SPECIALISTS IN METAL RECOVERY

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT TO SHAREHOLDERS

NOTICE IS INCLUDED FOR
THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON
TUESDAY, 16 DECEMBER 2008
AT 10.00AM AT

The Cruising Yacht Club of New Beach Road,
Darling Point, Sydney, Australia

This is an important document that should be read in its entirety. If you do not understand it, or any part of it, you should consult with your professional advisers without delay. You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay to Computershare at either of the following addresses by mail or by fax

For Canadian Shareholders:

The Company Secretary
Metals Finance Corp
C/- Computershare
GPO Box 523
Brisbane Queensland 4001 Australia
Fax +61 7 3237 2152

For CDI holders:

The Company Secretary
Metals Finance Corp
C/- Computershare
GPO Box 242
Melbourne, VIC, 3001
Fax: 1800 783 447
Fax: +61 3 9473 2555

not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof

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**NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF
SHAREHOLDERS**

TAKE NOTICE that the annual and special general meeting (the "Meeting") of Shareholders of Metals Finance Corp. (the "Company") will be held at the Cruising Yacht Club of New Beach Road, Darling Point, Sydney, Australia, on 16 December, 2008 at 10:00 a.m., Australian Eastern Standard Daylight Saving Time (AEDST), for the following purposes:

A. FINANCIAL REPORTS

To receive and consider the audited financial statements for the financial year ended 31 August 2008, and the report of the auditor.

B. ORDINARY RESOLUTIONS

Resolution 1 – Number of Directors

To fix the number of Directors for the ensuing year at four.

Resolution 2 – Election of Directors- Tony Treasure

To elect Tony Treasure as director of the Company.

Resolution 3 – Election of Directors- Geoff Hill

To elect Geoff Hill as director of the Company.

Resolution 4 – Election of Directors- Warren Eades

To elect Warren Eades as director of the Company.

Resolution 5- Fixing Maximum Remuneration for Non-Executive Directors

That for the purposes of Listing Rule 10.17, the **maximum** total amount of directors' fees payable by the Company to non-executive directors be increased to \$250,000.

Voter Exclusion Statement

As required by ASX Listing Rule 10.17.1 the Company will disregard any votes cast on proposed resolution 5 by Geoff Hill, Warren Eades, Tony Treasure or Bayne Boyes or any associate of Geoff Hill, Warren Eades, Tony Treasure or Bayne Boyes.

Resolution 6 – Appointment of Auditor

To appoint PKF Chartered Accountants as auditors for the Company for the ensuing year as a replacement for KPMG LLP Chartered Accountants (the current auditors for the Company) at a remuneration to be fixed by the Directors.



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C. SPECIAL RESOLUTIONS

Resolution 7 - Legal Continuation

To consider and if thought fit pass a special resolution to approve the continuation (or redomiciling) of the legal jurisdiction of the Company from British Columbia, Canada into Australia and that:

1. under s. 308 of the *Business Corporations Act* (British Columbia), the Company apply for a Certificate of Continuance out of British Columbia (the "Continuation");
2. any one director or officer of the Company is authorized and directed to do all things necessary and to sign all instruments, deeds and documents necessary or desirable to carry out the foregoing; and
3. the directors of the Company are authorized in their discretion, by resolution, to abandon the Continuation without further approval, ratification or confirmation by the shareholders of the Company.

TAKE NOTICE THAT: The implementation of the continuation of the Company from British Columbia to the jurisdiction of Australia gives rise to a shareholder right of dissent. Pursuant to the British Columbia *Business Corporations Act* ("BCA") you may until 5:00 p.m. (Vancouver, B.C. local time) on December 12, 2008 give to the Company a notice of dissent by registered mail addressed to the Company's Canadian lawyers, Lang Michener LLP, at Suite 1500, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7, with respect to the special resolution to continue the Company under the jurisdiction of the *Corporations Act 2001* (Australia). Please review the disclosure in the Explanatory Statement with respect to this right of dissent and consult a lawyer

Resolution 8- New Constitution

To consider and if thought fit pass a special resolution that, subject to resolution 7 being passed and the Continuation not being abandoned:

1. effective upon the granting of the Certificate of Continuance, the Notice of Articles and the Articles of the Company be cancelled and there be substituted for all the provisions thereof the provisions set out in the Constitution a copy of which is available at www.metalsfinance.com (the "**New Constitution**"); and
2. the directors are authorized to make such changes to the New Constitution as may be required by the applicable securities regulatory authorities or ASX Limited ("**ASX**").

Resolution 9- Change of Company Name

To consider and if thought fit pass a special resolution that, subject to resolution 7 being passed and the Continuation not being abandoned that effective upon the granting of the Certificate of Continuance the name of the Company be changed to Metals Finance Limited.

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The Meeting will also consider any permitted amendment to or variation of any matter identified in this Notice and to transact such other business as may properly come before the Meeting or any adjournment thereof. Management is not currently aware of any other matters that could come before the Meeting.

EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting for further particulars on the Resolutions to be considered by Shareholders at the Annual General Meeting.

PROXIES

Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting, must complete, date and execute the enclosed form of proxy, or another suitable form of proxy, and deliver it in accordance with the instructions set out in the form of proxy and in the Explanatory Statement. Non-registered shareholders who plan to attend the Meeting must follow the instructions set out in the voting instruction form and in the Explanatory Statement to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account you are not a registered shareholder.

If you hold your shares in the Company in the form of CDI's you are entitled to attend the Meeting but you may not vote on a show of hands. If you hold your shares in the Company in the form of CDI's and you wish to record your vote at the Meeting you must complete a proxy directing depositary nominee, Chess Depositary Nominees Pty.Ltd. (CDN) to cast your vote on your behalf. Further particulars are set out in the Explanatory Notes to this Notice.

CORPORATE REPRESENTATIVES

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company.

The instrument appointing a representative must be received at the registered office of the Company or sent to the Company's transfer agent, Computershare, at either of the following addresses by mail or by fax:

For Canadian Shareholders:

GPO Box 242
BRISBANE, QLD 4001 AUSTRALIA
Fax No. +61 7 3237 2152,

For CDI Holders:

GPO Box 242
MELBOURNE VIC 3001
Fax No. (within Australia) 1800 783 447
Fax No (outside Australia) +61 3 9473 2555



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not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof

Alternatively, the instrument appointing a representative can be provided at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

DATE FOR DETERMINING HOLDERS OF SHARES

Directors have set 7.00pm Eastern Standard Time on 8 December 2008 as the time and date to determine who are the holders of the Shares in the Company for the purposes of the Annual General Meeting. Accordingly Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

DATED at Brisbane, 14 November 2008.

BY ORDER OF THE BOARD

A handwritten signature in black ink that reads "P. A. Treasure". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Tony Treasure
Chief Executive Officer



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**EXPLANATORY STATEMENT TO SHAREHOLDERS OF
METALS FINANCE CORP.**

as at 14 November, 2008

This Explanatory Statement is furnished in connection with the solicitation of proxies by the management of Metals Finance Corp. (the "Company") for use at the annual and special general meeting (the "Meeting") of its shareholders to be held on 16 December, 2008 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Explanatory Statement, references to "the Company", "we" and "our" refer to Metals Finance Corp. "Common Shares" means common shares without par value in the capital of the Company. "Beneficial Shareholders" means shareholders who do not hold Common Shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders. "CDI"s refer to Chess Depository Interests which are the Company's securities listed on ASX Limited (ASX).

This Explanatory Statement is an "Information Circular" for the purposes of the *Business Corporations Act* (British Columbia).



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1. GENERAL VOTING AND PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxy holders

If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.

Voting by Proxy holder

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the management appointee acting as a proxy holder will vote in favour of each matter identified on the Proxy and, if applicable, for the nominees of management for directors and auditors as identified in the Proxy.

Registered Shareholders

If you are a registered shareholder, you may wish to vote by proxy whether or not you attend the Meeting in person. If you submit a proxy, you must complete, date and sign the Proxy, and then return it to the Company's transfer agent, Computershare, at the following addresses by mail or by fax:



GPO Box 523
Brisbane Queensland 4001 Australia
Fax No. +61 7 3237 2152

not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares).

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. If Common Shares are held through Chess Depository Nominees Pty.Ltd. (CDN) they will not be registered in the shareholder's name on the records of the Company.

If you are a Beneficial Share holder:

If you wish to record your vote at the Meeting and you are a holder of CDI's you will need to complete the attached CDI Voting Instruction form directing Chess Depository Nominees Pty.Ltd. to vote on your behalf. You must complete, date and sign the CDI Voting Instruction and then return it to Computershare, at the following address by mail or by fax

GPO Box 242
MELBOURNE VIC 3001
Fax No. (within Australia) 1800 783 447
Fax No (outside Australia) +61 3 9473 2555

not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.



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Corporate Representatives

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company.

The instrument appointing a representative must be received at the registered office of the Company or sent to the Company's transfer agent, Computershare, at either of the following addresses by mail or by fax:

For Canadian Shareholders:

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Fax No. +61 7 3237 2152

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Fax No. (within Australia) 1800 783 447
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not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof

Alternatively, the instrument appointing a representative can be provided at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare, at the following addresses by mail or by fax:

GPO Box 242
BRISBANE QLD 4001 AUSTRALIA
Fax No. +61 7 3237 2152

at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or

- (b) personally attending the Meeting and voting the registered shareholder's Common Shares. CDI holders will not be able to revoke CDI Voting Instructions at the Meeting.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.



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Interest of Certain Persons or Companies in matters to be acted upon

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor and as may be set out herein.

Voting Securities and Principal Holders of Voting Securities

The board of directors (the "Board") of the Company has fixed 8 December, 2008 as the record date (the "Record Date") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Common Shares of the Company are listed for trading as CDI's on the ASX. As of 7 November, 2008, there were 73,109,576 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

Votes Necessary to Pass Resolutions

A simple majority of affirmative votes cast at the Meeting is required to pass the Ordinary Resolutions described herein.

If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

The number of votes required for the Company to pass a Special Resolution at a meeting of shareholders is three-quarters of the votes cast on the resolution.



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2. EXPLANATORY NOTES ON RESOLUTIONS

RESOLUTION 1: NUMBER OF DIRECTORS

The size of the Board of the Company is currently determined at four. The board proposes that the number of directors remain at four. Shareholders will therefore be asked to pass an ordinary resolution that the number of directors elected be fixed at four.

Mr Bayne Boyes, the current Chairman of Directors, has decided not to nominate for re-election to the Board for the ensuing period. His term of office will therefore end at the conclusion of the Meeting. The Board will consider appointment of a further director to fill the casual vacancy that will be so left at an appropriate time.

ELECTION OF DIRECTORS

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) ("BCA"), (or, if resolution 8 is approved and the Continuation proceeds, the *Corporations Act 2001* (Cth)) each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

RESOLUTION 2: ELECTION OF DIRECTORS- TONY TREASURE

Management has nominated Tony Treasure for election as director. Particulars of Tony's office and positions held with the Company, principal occupation, the period of time during which Tony has been a Director of the Company and the number of Common Shares of the Company owned by Tony, directly or indirectly, at 14 November 2008 are provided in the Annual report of the Company. Tony is qualified to Act as a Director under the British Columbia *Corporations Act* and the *Corporations Act 2001* (Cth).

RESOLUTION 3: ELECTION OF DIRECTORS- GEOFF HILL

Management has nominated Geoff Hill for election as director. Particulars of Geoff's office and positions held with the Company, principal occupation, the period of time during which Geoff has been a Director of the Company and the number of Common Shares of the Company owned by Geoff, directly or indirectly, at 14 November 2008 are provided in the Annual report of the Company. Geoff is qualified to Act as a Director under the British Columbia *Corporations Act* and the *Corporations Act 2001* (Cth).

RESOLUTION 4: ELECTION OF DIRECTORS- WARREN EADES

Management has nominated Warren Eades for election as director. Particulars of Warren's office and positions held with the Company, principal occupation, the period of time during which Warren has been a Director of the Company and the number of Common Shares of the Company owned by Warren, directly or indirectly, at 14 November 2008 are provided in the Annual report of the Company. Warren is qualified to Act as a Director under the British Columbia *Corporations Act* and the *Corporations Act 2001* (Cth).



RESOLUTION 5: REMUNERATION FOR NON-EXECUTIVE DIRECTORS

For the purposes Rule 10.17 of the ASX Listing Rules, shareholder approval is being sought to increase the non-executive directors' fee cap by \$140,000 per annum from \$110,000 to \$250,000 per year.

The number of non-executive Directors may increase over the coming twelve months through the appointment of a non executive director to replace Bayne Boyes, and to expand the skill set and experience available to the Board.

Attracting the right board members and providing effective remuneration arrangements are fundamental to a high performing board. The proposed resolution will therefore further enable the Company to attract and retain talented directors with the relevant skills and experience to ensure a strong board for the Company.

This approach is in line with the approach taken by comparable Australian companies.

Superannuation contributions are included within the proposed fee cap.

RESOLUTION 6: APPOINTMENT OF AUDITORS

KPMG LLP, Chartered Accountants, Vancouver, British Columbia, have acted as the Company's auditors since January 2007.

The Board have considered the costs and efficiency of continuing to have the Company's audit performed by KPMG, Vancouver, given the move of the Company's main administrative and management centre to Australia, and have sought a number of fee estimates and proposals from specialist audit firms in Australia. The Board resolved on 5 November 2008 that KPMG LLP Chartered Accountants, not be proposed for reappointment as the auditor of the Company at the Meeting.

The board has considered and resolved to appoint PKF Chartered Accountants as auditor of the Company subject to Shareholder approval being given for that appointment. PKF Chartered Accountants, Queensland, Australia, will be nominated at the Meeting for appointment as auditor of the Company at a remuneration to be fixed by the directors in place of KPMG LLP.

There have been no reportable disagreements between the Company and KPMG and no qualified opinions or denials of opinions by KPMG for the purposes of National Instrument 51-102.



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RESOLUTION 7 : LEGAL CONTINUATION

On 19 August 2008, the Directors announced to the ASX that it had made a decision to close its Canadian centre of operations and focus its corporate, technical and management functions in Australia. The purpose in this move was to increase efficiency of the Company's operations and to reduce overhead costs.

In follow up to this move, the Directors are now proposing to make an application to the relevant government and taxation authorities to change the domicile of the Company from Canada to Australia. It is believed that this move will lead to further efficiency and reduction in overhead costs of operating the Company.

In order to implement this move, the Company will need to conduct further detailed investigations and obtain formal clearances from the relevant Corporate and Taxation regulatory bodies in both Canada and Australia. It is the Directors intent to only proceed with the move is long as there is no significant adverse financial or taxation effect on the Company and/or the Shareholders.

This matter requires the passing of a Special resolution by shareholders to proceed. The Directors propose to put such a resolution to the Meeting. The number of votes required for the Company to pass a Special Resolution at a meeting of shareholders is three-quarters of the votes cast on the resolution.

The Directors recommend that Shareholders vote in favour of this resolution

1. OVERVIEW

The Company was incorporated under the *Company Act* (British Columbia) on September 2, 2003 and was transitioned under the British Columbia *Business Corporations Act* (the "BCA") by a Transition Application effective April 17, 2007. At the Meeting, shareholders will be asked to approve by special resolution, subject to approval of the ASX and ASIC, the continuance (the "Continuance") of the Company under the *Corporations Act 2001 (Australia)* (the "CA2001"), including the adoption of a new constitution in compliance with CA2001.

The BCA permits a continuance out of British Columbia to other jurisdictions subject to shareholders approval and the right of dissent described below.

The Continuance will affect certain of the rights of shareholders as they currently exist under the BCA.

On the effective date of the Continuance, holders of the Common Shares of the Company will hold one (1) Ordinary Share of the Company for each one Common Share of the Company currently held. The principal attributes of the Ordinary Shares of the Company after the Continuance will be identical to the corresponding shares of the Company prior to the Continuance other than differences in shareholders rights under the CA2001 and the BCA, a summary of which is provided below. This summary is not exhaustive and shareholders are advised to review the full text of the CA2001 regarding the implications of the Continuance. The Continuance, if approved, will effect a change in the legal domicile of the Company as of the effective date thereof. As of the effective date of the Continuance, the Company will be governed by the CA2001 and the new proposed constitutional documents which are available on Company website (www.metalsfinance.com) and dealt with in more detail in the information provided for resolution 8 below.



The results of the Company's investigations into this matter are summarized as follows:

- British Columbia Corporations Law allows for continuation (or change in domicile) from Canada to a foreign territory.
- Metals Finance Corp. is registered in Australia to operate as a foreign Company in that jurisdiction and, as such, is already under the jurisdiction of ASIC in that capacity.
- The *Corporations Act 2001* (Cth) allows for registration of the Company as a Company under the *Corporations Act 2001* (Cth) (provided that certain requirements under the Act are met). The Board believes that the Company has the ability to meet those requirements.
- The Company's only listing is on the Australian Stock Exchange Limited. Preliminary discussions with the ASX have indicated that, as long as there is no change the ownership, structure and assets of the Company the Company will be able to remain listed on the ASX.
- Section 601BM(1) of the *Corporations Act 2001* (Cth) provides that registration as an Australian body corporate does not create a new legal entity, affect the body's existing property, rights or obligations (except as against the members of the body in their capacity as members) or render defective any legal proceedings by or against the body or its members.

2. COMPARISONS BETWEEN CANADIAN AND AUSTRALIAN LAW

The Company provides the following comparison between relevant provisions of the law in British Columbia and Australia to allow shareholders to consider the impact of a continuation out of British Columbia to Australia.

Overview

Management believes that in general terms, the CA2001 provides to shareholders substantively the same rights as are available to shareholders under the BCA and is consistent with corporate legislation in most common law jurisdictions. There are, however, differences concerning the qualifications of directors, location of shareholder meetings and certain shareholder remedies. The following is a summary comparison of certain provisions of the BCA and the CA2001 which pertain to rights of shareholders of the Company. This summary is not intended to be exhaustive and shareholders should consult their legal advisers regarding all of the implications of the Continuance.

Directors

The BCA provides that a reporting company must have a minimum of three directors but there is no residency requirement. The CA2001 requires that a public company must have at least 3 directors (not counting alternate directors) and at least 2 of these directors must ordinarily reside in Australia.



Requisition of Meetings

The BCA provides that one or more shareholders of a company holding not less than 5% of the issued voting shares of the company may give notice to the directors requiring them to call and hold a general meeting within four months.

The CA2001 permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting sought to be held to require the directors to call and hold a meeting of shareholders of a company for the purposes stated in the requisition. The directors must call the meeting within 21 days after the request is given to the company. The meeting is to be held not later than 2 months after the request is given to the company. Members with at least 5% of the votes that may be cast at a general meeting of the company may also call, and arrange to hold, a general meeting. The members calling the meeting must pay the expenses of calling and holding the meeting.

Oppression Remedies

Under the BCA a shareholder of a company has the right to apply to the court on the grounds that the company is acting or proposes to act in a way that is prejudicial to the shareholder. On such an application the court may make such order as it sees fit including an order to prohibit any act proposed by the company.

The CA2001 provides at section 232 that the Court may make an order under section 233 if the conduct of a company's affairs, an actual or proposed act or omission by or on behalf of a company or a resolution, or a proposed resolution, of members or a class of members of a company, is contrary to the interests of the members as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, a member or members whether in that capacity or in any other capacity.

Under section 233 of the CA2001 the Court has very broad powers to make orders including orders:

- (a) that the company be wound up;
- (b) that the company's existing constitution be modified or repealed;
- (c) regulating the conduct of the company's affairs in the future;
- (d) for the purchase of any shares by any member or person to whom a share in the company has been transmitted by will or by operation of law;
- (e) for the purchase of shares with an appropriate reduction of the company's share capital;
- (f) for the company to institute, prosecute, defend or discontinue specified proceedings;
- (g) authorising a member, or a person to whom a share in the company has been transmitted by will or by operation of law, to institute, prosecute, defend or discontinue specified proceedings in the name and on behalf of the company;
- (h) appointing a receiver or a receiver and manager of any or all of the company's property;
- (i) restraining a person from engaging in specified conduct or from doing a specified act;



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- (j) requiring a person to do a specified act.

Shareholder Derivative Actions

Under the BCA a shareholder or director of a company may, with leave of the court, bring an action in the name and on behalf of the Company to enforce an obligation owed to the Company that could be enforced by the Company itself or to obtain damages for any breach of such an obligation.

A broader right to bring a derivative action is contained in the CA2001 and this right extends to officers, former shareholders, directors or officers of a company or its affiliates, and any person, who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action.

The CA2001 also provides that the Court may make any orders it considers appropriate about the costs of the following persons in relation to proceedings brought or intervened in with leave or an application for leave:

- (a) the person who applied for or was granted leave;
- (b) the company;
- (c) any other party to the proceedings or application.

Amendments to Share Rights and Constitutional Documents

The BCA generally requires where the Articles so provide (and the Company's current Articles do so provide) that changes to the rights, privileges and restrictions applicable to a class of shares require a special resolution.

The CA2001 provides that if a company does not have a constitution, or has a constitution that does not set out the procedure for varying or cancelling rights attached to shares in a class of shares those rights may be varied or cancelled only by special resolution of the company and by special resolution passed at a meeting of the class of members holding shares in the class; or with the written consent of members with at least 75% of the votes in the class.

The proposed constitution under resolution 8 also provides that the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated in any way or the preference share capital repaid, with the approval by way of a special resolution passed at a separate meeting of the holders of the issued shares of that class or with the consent in writing of the holders of three-quarters of the issued shares of that class.

Shareholder Dissent Rights

The BCA provides that shareholders may dissent and be entitled to be paid the fair value of their shares if the Company proposes certain organic changes including a continuance from the British Columbia, a sale of all or substantially all of the Company's undertaking or an amalgamation with another corporation.



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The CA2001 does not include similar provisions but this is somewhat offset by the power of the Court to order the purchase of a shareholder's shares in the event of oppressive conduct under section 233 of the CA2001 as discussed above.

Place of Meetings

The BCA requires all meetings of shareholders to be held in British Columbia unless a location outside British Columbia is provided for in the Articles, or the Articles do not restrict the company from approving a location outside of British Columbia for holding of a general meeting and a location outside of British Columbia is approved by the resolution required by the Articles for that purpose or the location for the meeting is approved in writing by the Registrar of Companies. The current Articles provide for meetings to be held wherever the directors determine.

The CA2001 provides that meetings of shareholders must be held at a reasonable time and place. The CA2001 also provides for a meeting at 2 or more venues using any technology that gives the members as a whole a reasonable opportunity to participate.

3. CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS FOR CONTINUANCE

General

The following summarizes certain material Canadian federal income tax consequences of the Continuance under the Income Tax Act (Canada) (the "Canadian Tax Act") applicable to the Company's Canadian shareholders. The following summary is based on the facts set out in this Information Circular.

This summary applies only to shareholders who, for purposes of the Canadian Tax Act and at all relevant times (i) are individuals resident solely in Canada, (ii) hold shares of the Company as capital property, and (iii) deal at arm's length with, and are not affiliated with, the Company. Shareholders who meet all of the foregoing requirements are referred to as "Holder" or "Holders" in this summary, and this summary only applies to such Holders. In addition, this summary does not apply to shareholders who exercise dissent rights, or other shareholders in special circumstances, including those in relation to whom the Company is or will be a "foreign affiliate" within the meaning of the Canadian Tax Act, and all such holders are advised to consult with their own tax advisors with respect to the tax and legal considerations applicable to them. Tax considerations affecting the Company itself are addressed only incidentally in this summary.

This summary is based on the current provisions of the Canadian Tax Act and the regulations thereunder and our understanding of the current administrative and assessing policies of the Canada Revenue Agency ("CRA"). The summary takes into account all specific proposals to amend the Canadian Tax Act, the regulations thereto, and the Canada-Australia Tax Convention (the "Treaty"), publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (collectively, the "Tax Proposals"), and assumes that all such Tax Proposals will be enacted or promulgated in the manner as so proposed, although no assurance in this regard can be given. Except for the Tax Proposals, the summary does not take into account or anticipate any changes in law or CRA practice, whether by judicial, governmental or legislative decision or action, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction of any description, which may differ significantly from those considerations discussed herein. The summary also assumes that upon the Continuance, the Company will be considered, for purposes of the Treaty and



the Canadian Tax Act, to have become resident in Australia and to have ceased to be resident in Canada, and while we believe this to be a reasonable assumption, no tax ruling from the CRA or legal opinion on this point, or on the Continuance generally, has been sought or obtained.

This summary is of a general nature only, is not comprehensive of all applicable or all possible tax considerations relevant to Holders or to the Company, and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representation with respect to the income tax consequences to any particular Holder is made.

Each Holder should consult with the Holder's own tax and legal advisors with respect to all tax and legal consequences applicable to the Holder's particular circumstances. The discussion below is qualified accordingly, and by reference to all assumptions and provisos summarized or referenced above.

The Company

At the effective time of Continuance, the directors understanding is that the Company will be deemed to be resident in Australia, and to no longer be resident in Canada, for Canadian federal income tax purposes. Under the Canadian Tax Act, the change in the Company's residence from Canada to Australia will cause the Company's tax year to end immediately before the Continuance, and a new tax year to begin at the time of the Continuance (with consequential effects based on any shortened tax year, not discussed in this summary). In addition:

- (a) The Company will be deemed to have disposed of all its assets immediately before the Continuance for proceeds of disposition equal to the fair market value of the assets at that time. This deemed disposition may cause the Company to incur Canadian tax liability on the basis of any resulting deemed capital gains and income; and
- (b) Furthermore, the Company will be subject to a separate corporate tax imposed by the Canadian Tax Act on corporations ceasing to be resident in Canada. This tax will be imposed on the amount by which the fair market value of all of the Company's assets immediately before the Continuance exceeds the aggregate of most of its liabilities at that time and the amount of "paid-up capital" (as defined for purposes of the Canadian Tax Act) on all of the issued and outstanding shares of the Company's common stock. Tax on any such amount under the Canadian Tax Act will be imposed at the rate of 25% except that this rate may be reduced in certain circumstances to 5% under the Treaty.

As outlined in this Explanatory Statement, Shareholders are being asked to authorize the Company to proceed with the Legal Continuance and to give the Board the authorization, at its discretion, to determine at any time whether to proceed or not proceed with the Continuance.

If such authorization is approved by Shareholders, the Company expects to consider, in conjunction with the Company's advisors, whether and to what extent the Company could be subject to a material Canadian tax liability (if any) in consequence of the Continuance, taking into account the Company's assets, liabilities and paid-up capital, as well as the availability of tax loss carry forwards (if any) that may be available to us to offset any income resulting from the deemed disposition of the Company's assets.

For this purpose, the determination of whether or not a material Canadian tax liability is likely to arise will be based in part on the Company's determination of factual matters including, for example, the fair market value of the Company's assets, which have not been (and are not



expected to be) determined by a professional third party valuator. No tax ruling from the CRA or opinion from the Company's accounting or legal advisors has been sought or obtained (or is expected to be sought or obtained) in respect of any of the foregoing, and there can be no assurance that the CRA will agree with the determinations made by the Company.

Before proceeding with the Continuance, the Board will take into account the likelihood of a material Canadian tax liability (if any) determined as referenced above, as well as any anticipated benefits to the Company or to Shareholders expected to result directly or indirectly from the proposed Continuance, and the Board may determine to proceed with the Continuance or not at its discretion, and without seeking further approval from Shareholders. Management does not believe there has been significant appreciation in the Company's assets net of costs related thereto and hence does not anticipate significant tax consequences to the Continuance.

Due to the Company's anticipated change in residence upon the Continuance, the Company thereafter should no longer be subject to taxation in Canada on its worldwide income as would a resident of Canada. However, the Company will be subject to taxation in Canada in a manner similar to that applicable to other non-resident companies, including where the Company carries on business through a permanent establishment located in Canada (if at all), as that expression is defined in the Treaty.

Holders Resident in Canada

The following portion of this summary applies to Holders (as defined above) who are resident solely in Canada for the purposes of the Canadian Tax Act, and who do not dissent in respect of the Continuance. Such Holders are referred to as "Canadian Shareholders" herein, and this portion of the summary only addresses such Canadian Shareholders.

Canadian Shareholders should not be considered to have disposed of their shares for purposes of the Canadian Tax Act by reason only of the Continuance. Accordingly, the Continuance should not cause these shareholders to realize a capital gain or loss on their shares for purposes of the Canadian Tax Act.

Following the Continuance, any dividends received by a Canadian Shareholder on the shares of the Company will not be eligible for the gross-up and dividend tax credit treatment generally applicable to dividends on shares of taxable Canadian corporations. To the extent that Australian withholding taxes are imposed on dividends paid by the Company to Canadian Shareholders, shareholders will generally seek to claim a foreign tax credit against their Canadian income tax.

Canadian residents are required under the Canadian Tax Act to report their "foreign property holdings" if the aggregate cost amount of their foreign holdings exceeds CDN \$100,000. Following the Continuance, the Company's shares will constitute foreign property for the purposes of this rule.



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4. RIGHT OF DISSENT ON CONTINUATION

The following description of shareholders rights of dissent on the proposed Continuation (the "Continuance Dissent Rights") is not a comprehensive statement of the procedures to be followed by a dissenting shareholder who seeks payment for the fair value of such shareholder's Common Shares in the Company and is qualified in its entirety by the reference to the full text of Subsections 238(2), 238(3), and Section 242 through 247 of the BCA. A shareholder who intends to exercise the Continuance Dissent Rights should seek legal advice and carefully consider and comply with the dissent provisions. Failure to comply with the dissent provisions, and to adhere to the procedures established therein, may result in the loss of all rights thereunder.

Persons who are beneficial owners of common shares of the Company registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that **the registered shareholder is required to dissent** pursuant to Subsection 238(3) of the BCA. A shareholder, who beneficially owns shares but is not the registered holder thereof, should contact the registered holder of his or her shares for assistance.

Pursuant to Section 245 of the BCA, a shareholder is entitled to be paid the fair value of his or her shares if he or she dissents to the Continuation and the Continuation becomes effective. Each shareholder who might desire to exercise Continuance Dissent Rights in respect of the Continuation should carefully consider and comply with the provisions of the above referenced Sections of the BCA, and consult his or her legal adviser. A shareholder is not entitled to dissent with respect to his or her shares if he or she votes any of those shares in favour of the Continuation. A brief summary of the provisions of Sections 242 to 244 of the BCA is set out below.

Section 242 of the BCA provides that a dissenting shareholder has until two days before the Meeting to send to the Company a written notice of dissent to the Continuation by registered mail addressed to the Company's registered office in care of its lawyers, Lang Michener LLP, at Suite 1500, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7. Attn B Zinkhofer

A vote against the Continuation, abstention or the execution or exercise of a proxy to vote against the Continuation does not constitute a notice of dissent, and a shareholder need not vote his or her shares against the Continuation in order to object. Pursuant to Section 243 of the BCA, if the Continuation is approved by the shareholders and the directors determine to proceed with the Continuation, the Company must notify the dissenting shareholder of its intention to act upon the Continuation. Pursuant to Section 244, the dissenting shareholder is then required within one (1) month after the Company gives such notice, to send to the Company a written notice that such shareholder requires the Company to purchase all of the shares in respect of which he or she has given notice of dissent, together with the certificate or certificates representing those shares, whereupon the dissenting shareholder is bound to sell and the Company is bound to purchase those shares.

A dissenting shareholder who has complied with the aforementioned Sections of the BCA, or the Company, may apply to court ("Court"), after the adoption of the resolution authorizing the Continuation for an order requiring his or her shares to be purchased, fixing the price and terms of the purchase and sale or ordering that they be determined by arbitration, and the Court may make such order and such consequential orders or directions as the Court considers appropriate. There is no obligation on the Company to make application to the Court. The dissenting shareholder will be entitled to receive the fair value of the shares held by him or her as of the day before the date on which the Continuation is passed.



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Every dissenting shareholder who is otherwise in compliance with the aforementioned Sections of the BCA must be paid the same price. No dissenting shareholder who has delivered a demand for payment may vote or exercise or assert any rights of a shareholder in respect of the shares for which a dissent notice has been given, other than the right to receive payment for those shares. Until a shareholder who has delivered a demand for payment is paid in full, that shareholder may exercise and assert all the rights of a creditor of the Company. No dissenting shareholder may withdraw the demand for payment unless the Company consents.

If the Continuance is implemented, a dissenting shareholder who is ultimately not entitled to be paid fair value for his or her shares for any reason, including the withdrawal of his or her demand for payment or the failure of the dissenting shareholder to comply with each of the steps required to dissent, shall be deemed to have participated in the Continuance on the same basis as any non-dissenting shareholder.

Address for Notice

All notices to the Company pursuant to Section 309 of the BCA should be addressed to the office of Lang Michener LLP, at Suite 1500, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7. Attn B Zinkhofer

Strict Compliance with Dissent Provisions Required

The foregoing summary does not purport to provide a comprehensive statement of the procedures to be followed by a dissenting shareholder who seeks payment of the fair value of his or her shares. The aforementioned Sections of the BCA require strict adherence to the procedures established therein and failure to do so may result in the loss of all of the dissenter's rights.

RESOLUTION 8: NEW CONSTITUTION

In the event that the Continuation described in resolution 8 is approved by Shareholders and proceeds after consultation by the Company with relevant government and taxation authorities, the Companies current Notice of Articles and the Articles of the Company will no longer be appropriate for the Company as they will contain a number of provisions which are relevant only to a Company incorporated under British Columbia Corporations Law.

The Board therefore proposes that a new constitution be adopted for the Company more in line with Australian law and in particular the *Corporations Act 2001* (Cth). A copy of the proposed Constitution is provided at www.metalsfinance.com. Hard copies of the proposed Constitution can be obtained by contacting the registered office of the Company. Hard Copies of the proposed constitution will also be available for review at the meeting.

The Directors propose to put a resolution to the Meeting that:

1. effective upon the granting of the Certificate of Continuance, the Notice of Articles and the Articles of the Company be cancelled and there be substituted for all the provisions thereof the provisions set out in the Constitution referred to in the Explanatory Statement and available at www.metalsfinance.com; and



- the directors are authorized to make such revisions to this Constitution as may be required by the applicable securities regulatory authorities or the ASX;

A replacement of the current Notice of Articles and the Articles of the Company requires a Special Resolution of Shareholders. The number of votes required for the Company to pass a Special Resolution at a meeting of shareholders is three-quarters of the votes cast on the resolution.

RESOLUTION 9: NAME CHANGE

As an Australian public Company, the name Metals Finance Corp would no longer be an appropriate name for the Company pursuant to the *Corporations Act 2001* (Cth). This type of Australian public company must use the word "Limited" in its name. The directors believe that the name "Metals Finance Limited" provides the best continuity for the Company.

The Company has reserved the name Metals Finance Limited with ASIC.

APPROVAL OF THIS EXPLANATORY STATEMENT AND INFORMATION CIRCULAR

The contents and the sending of this Explanatory Statement and Information Circular have been approved by the Directors of the Company.



Tony Treasure
Chief Executive Officer
14 November 2008



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METALS FINANCE CORP

SPECIALISTS IN METAL RECOVERY

ARBN 127 131 604

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1300 552 270
(outside Australia) +61 3 9415 4000

000001 000 MFC
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

CDI Voting Instruction Form

For your vote to be effective it must be received by 10.00am (Sydney time) Friday 12 December 2008

How to Vote on Items of Business

Each CHES Depositary Interest (CDI) is equivalent to one Common Share of the Company, so that every 1 (one) CDI that you own at 7.00pm (Sydney time) on Monday 8 November 2008 entitles you to one vote.

You can vote by completing, signing and returning your CDI Voting Instruction Form. This form gives your voting instructions to CHES Depositary Nominees Pty Ltd, which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CHES Depositary Nominees Pty Ltd enough time to tabulate all CHES Depositary Interest votes and to vote on the underlying shares.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Only duly authorised officer/s can sign on behalf of a company. please sign in the boxes provided, which state the office held by the signatory. ie Sole Director, Sole Company Secretary or Director and Company Secretary.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

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MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

CDI Voting Instruction Form

Please mark to indicate your directions

STEP 1 CHESSE Depository Nominees will vote as directed

XX

Voting Instructions to CHESSE Depository Nominees Pty Ltd

I/We being a holder of CHESSE Depository Interests of Metals Finance Corp. hereby direct CHESSE Depository Nominees Pty Ltd (CDN) to direct its Designated Proxy to vote the shares underlying my/our holding at the Annual and Special General Meeting of Shareholders of Metals Finance Corp. to be held at the Cruising Yacht Club of New Beach Road, Darling Point, Sydney, Australia on Tuesday, 16 December 2008 at 10.00am (Sydney time) and at any adjournment of that meeting. By execution of this CDI Voting Instruction Form the undersigned hereby authorises CHESSE Depository Nominees Pty Ltd to appoint such proxies or their substitutes to vote in their discretion on such business as may properly come before the meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing CDN and its Designated Proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Resolutions

	For	Against	Abstain
1 Number of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Tony Treasure as Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Geoff Hill as Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of Warren Eades as Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Maximum Remuneration for Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Appointment of Auditor - PKF Chartered Accountants, Brisbane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Resolutions

7 Legal Continuation in Australia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you instruct CDN to direct its Designated Proxy to vote and do not mark either the "FOR" or "AGAINST" box, your vote will not be counted.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____