



METALS FINANCE LIMITED

SPECIALISTS IN METAL RECOVERY

13th December 2010

Companies Announcements Office
Australian Securities Exchange

Re: Trading Policy for Metals Finance Limited (**MFC** or **Company**)

As required by ASX Listing Rule 12.9, which is to apply commencing 1st January 2011, following is MFC's Trading Policy (an extract from the Metals Finance Limited Corporate Governance Charter) for release to the market.

This Trading Policy is contained within the following sections of the Metals Finance Limited Corporate Governance Charter:

- Section A - Definitions;
- Section G8 - Dealings by Key Management Personnel in Securities of the Company; and
- Section G9 - Restrictions on Key Management Personnel Dealings with Company Securities.

The complete Metals Finance Limited Corporate Governance Charter may also be downloaded from MFC's web-site by using the following link:

http://www.metalsfinance.com/corp_doc.html

[Sent electronically without signature]

Ian Morgan
Company Secretary



METALS FINANCE LIMITED

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CORPORATE GOVERNANCE CHARTER

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

SECTION A DEFINITIONS

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

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

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

G.7 INDEPENDENCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G.10 NOTIFICATION TO ASX OF DIRECTORS' INTERESTS

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

The Company must notify the ASX of their directors:

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

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

In particular, Listing Rule 3.19A provides that:

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