

T/C for Lead Concentrate-Hu Nan Methodology

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1. Guidelines to SMM price assessment methodology

Shanghai Metals Market ("SMM") is an independent service provider that does not participate in trades. SMM is a market observer that engages buyers and sellers in the commodities market. By consulting with industry independent participants, SMM drafts the methodology, examines and revises it regularly based on the specifications and terms of trade that are generally used in the market, with equal weighting given to transactions that meet the standards. SMM reserves the right to exclude any unreliable or unrepresentative price data from its price assessment, in line with this methodology and other related Benchmark governance policies and procedures. SMM believes the processes

and procedures documented in their Methodologies represent the most accurate way of representing the underlying economic reality of the markets each Benchmark seeks to measure.

SMM price assessments refer to metals spot prices or price indices of both the Chinese and overseas markets reported by SMM on a daily basis. All SMM prices are published according to a set of defined methodologies, indicating how the prices are accessed and reported. These methodologies are published on our website www.metal.com (English) or www.smm.cn (Chinese) or for all market participants to understand and refer to.

To reflect the actual trades in the spot market, SMM will update the methodology for SMM price assessments and publish all the revisions on our website www.metal.com (English) or www.smm.cn (Chinese) 28 days ahead of the changes. For queries or suggestions on the methodology, please contact SMM customer services (please find contact information on the SMM official websites). **Please read this paragraph in conjunction with the SMM methodology review and changes policy, and the SMM Complaint Policy available at www.metal.com (English) or www.smm.cn (Chinese).**

This document specifies the standards and management methods for the SMM lead concentrate (50% Pb) treatment charge (TC) - Hunan spot price assessment. These standards are formulated to establish a transparent and verifiable SMM price setting mechanism and provide market participants with an important pricing indicator.

To ensure that SMM Benchmarks and indices are constructed, maintained and operated to the highest standards, the administrator of the SMM Benchmarks – Shanghai Metal Markets (“SMM” or “the Administrator”, herein known as “SMM”) employs a robust governance framework to manage and approve new Benchmarks and also approve changes to the methodologies of existing Benchmarks.

The SMM Benchmark Management Committee (“the Committee”) is responsible for all aspects of the design, management governance and calculation of the SMM Benchmarks, and is responsible for approving all policies and procedures relating to the provision of the Benchmarks. The Committee will regularly - and no less frequently than annually - review the methodology and its evaluation and publication process. Additionally, the Committee will review the methodology and all other relevant policy and procedure documents in response to changes to market conditions or any aspect of the dynamics of the underlying market the Benchmarks seek to measure.

The Committee maintains oversight of the SMM Benchmark methodology and its compilation process, ensuring that SMM prices and indices reflect as closely as possible the objective conditions of physical markets of relevant commodities. The Committee will immediately point out any problem it finds, and propose external consultations and modifications to the existing methodologies or processes, in order to improve the quality of prices or indices published by SMM. The Committee can only propose changes to the methodologies and processes used in future Benchmark assessments, rather than modifying the already published prices or indices.

2. Guidelines to SMM T/C for Lead Concentrate-Hu Nan

2.1 Definition

The SMM T/C for Lead Concentrate-Hu Nan ("lead concentrate") is assessed and reported based on the methodology defined in this document. As a benchmark, it can be referred to by both parties of lead concentrate spot transaction as their settlement price. The prices reflect the most tradable levels of lead concentrate TC in Hunan at the time of publication on a weekly basis. The price assessments are based on China's demand and supply of lead concentrate of the week and the actual traded prices of TC with cargoes delivered from mining enterprises to smelters' warehouses.

2.2 Introduction of price assessment

SMM collects data information used to evaluate lead concentrate TC by means of standard acquisition (that is, the collection of raw data information that complies with the SMM Data Standards Policy), from including the bid and offer of the buyer and seller that were not traded during the week, and the actually traded price of spot transaction provided by the price submitters. The amount of each transaction that can be deemed as the standard lead concentrate TCs or trades in the price collection will be not less than 100 mt in metal content. Data collection, assessment (calculation) and daily management of SMM lead concentrate TCs are conducted by SMM Operational teams (consists of 2 price analysts and a price manager).

The price published by SMM is intended to reflect the real transactable value of a commodity in a time point or period during the day. As lead concentrate grades differ at different mines, SMM price submitters' transactions of lead concentrate whose grade is not the standard 50% will also be included in price assessments, after normalising the grade to 50% by adopting deduction methods commonly used in the market. During the assessment process, we may consider other information. However, actual transactions, bids and offers will always take precedence. **Please read this paragraph with the SMM Benchmark Guidelines on Hierarchy of Data Inputs available at available at www.metal.com (English) or www.smm.cn (Chinese).**

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**For full version of the Shanghai Metals Market DRAFT
Price Assessment Methodology – T/C for Lead
Concentrate, please contact legal@smm.cn**