

Shanghai Metals Market Price Assessment Methodology

T/C for Lead Concentrate-Inner Mongolia

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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 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. The notice period may be shortened under special circumstances, especially force majeure (natural disasters, wars, exchange bankruptcy, etc.) 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 Inner Mongolia lead concentrate treatment charges (TCs) assessment. These standards are formulated to establish a transparent and verifiable SMM price setting mechanism and provide market participants with an important pricing indicator.

The SMM Benchmark Management Committee ("the Committee") will regularly - and no less frequently than annually - review the methodology and its evaluation and publication process. 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 T/C for Lead Concentrate-Inner Mongolia

2.1 Definition

The SMM T/C for Lead Concentrate-Inner Mongolia (hereinafter referred to as

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 are an indicative price range for actual spot lead concentrate transactions in Inner Mongolia every week. Taking demand and supply in the country during the week into consideration, the prices are assessed mainly based on prices for actual lead concentrate transactions, including costs for delivering cargoes from mines to smelters.

2.2 Introduction of price assessment

SMM collects data information used to evaluate lead concentrate TCs by means of standard acquisition (that is, the collection of raw data information that complies with the SMM Data Standards Policy), from data providers, including the bid and offer of the buyer and seller that were not traded during the week, and the price of transaction actually done. The amount of each transaction that can be deemed as standard lead concentrate TCs quotes or trades in the price collection will be no less than 100 mt of lead content. Data collection, assessment (calculation) and daily management of SMM lead concentrate TCs are conducted by SMM Lead Operational Team (consists of position A and B, and a price manager).

SMM prices aim to reflect the actual transaction levels of a commodity within a specific time frame. Due to differences in grades and metal content among mines, lead concentrate TC varies. Even if the lead concentrates actually traded by price submitters are not standard 50 Grade Lead Concentrates, they will still be considered as references and converted into 50 Grade Lead Concentrate TC using the commonly adopted deduction method in the market. Additionally, SMM Pb50 TC primarily focuses on transaction quotes for lead concentrates containing less than 200g of silver per mt. If the silver content exceeds 200g/mt and deviations in 50 Grade Lead Concentrate TC occur due to differences in silver pricing coefficients or other reasons, SMM will evaluate and calculate the price based on commonly adopted pricing rules in the market. Other factors will also be considered during pricing, but actual transactions always take precedence.

Please read this paragraph with the SMM Benchmark Guidelines on Hierarchy of Data Inputs available at www.metal.com (English) or www.smm.cn (Chinese).