



FIRST METALS INC.

**COMPANY DISCLOSURE POLICY AND
PRACTICES**

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COMPANY DISCLOSURE POLICY AND PRACTICES

This policy was adopted by the Board of Directors of First Metals Inc.

1. INTRODUCTION

It is the policy of First Metals Inc. (“**First Metals**” or the “**Company**”) to ensure communications with the investing public are timely, factual and accurate, and are conducted in accordance with applicable legal and regulatory requirements.

2. OBJECTIVE AND SCOPE

The objective of this policy is to ensure that First Metals’ communications to the investing public are:

- a) timely, factual and accurate; and
- b) broadly disseminated in accordance with applicable legal and regulatory requirements.

This disclosure policy extends to all employees of the Company, the Board of Directors of the Company, those authorized to speak on its behalf, and all other insiders. It covers disclosures in documents filed with securities regulators, financial and non-financial disclosure, including management’s discussion and analysis of financial statements, written statements made in the Company’s annual and quarterly reports, news releases, letters to shareholders, presentations by senior management and information contained on the company’s website and other electronic communications. It also extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

This policy applies to the disclosure of “material information”. “Material information” is any information relating to the business and affairs of the Company that results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company’s securities or that would reasonably be expected to have a significant influence on a reasonable investor’s investment decisions. Examples of developments which may give rise to material information are set out in Schedule “A” hereto.



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3. COMPLIANCE

As noted above, this disclosure policy extends to all employees of the Company, the Board of Directors of the Company, those authorized to speak on its behalf and all other insiders. New directors and employees will be provided with a copy of this disclosure policy and will be educated about its importance. This disclosure policy will be posted on First Metals' website and any changes or amendments will be communicated to all directors and employees.

Any employee who violates this disclosure policy may face disciplinary action up to and including termination of his or her employment with First Metals without notice. The violation of this disclosure policy may also violate certain securities laws. If it appears that an employee may have violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines, or imprisonment.

4. AUTHORIZED SPOKESPERSONS AND RESPONSIBILITY FOR MONITORING

The Chief Executive Officer ("CEO") shall be the official spokesperson for the Company for all communications with the investment community, the media and securities regulators. The CEO may, from time to time, designate others within the Company to speak on behalf of the Company or to respond to specific inquiries.

The CEO will determine if any information relating to the Company is material information. If any employee is aware of information that may be considered material information that has not been publicly disclosed, he or she should make such information known to the CEO.

Employees who are not authorized spokespersons must not, under any circumstances, disclose material information or respond to inquiries from the investment community, the media or others unless specifically asked to do so by an authorized spokesperson. All such inquiries shall be referred to the CEO.

5. PRINCIPLES OF DISCLOSURE OF MATERIAL INFORMATION

In complying with the requirement to disclose forthwith all material information under applicable laws and stock exchange rules, the Company will adhere to the following basic disclosure principles:

- a) Material information will be publicly disclosed immediately via news release.



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- b) In certain circumstances, it may be determined by the CEO that disclosure of material information would be unduly detrimental to the Company (e.g., if release of the information would prejudice negotiations in a corporate transaction), in which case the information will be kept confidential until it is determined that it is appropriate to publicly disclose. In such circumstances, a confidential material change report shall be filed with the applicable securities regulators, and the Company will periodically (at least every 10 days) review its decision to keep the information confidential (also see “Rumours”, below).
- c) Disclosure must include any information the omission of which would render the remainder of the disclosure misleading (i.e., half truths are misleading).
- d) Unfavourable material information must be disclosed as promptly and completely as favourable information.
- e) There shall be no selective disclosure of material information. Previously undisclosed material information must not be disclosed to selected individuals (e.g., in an interview with an analyst or in a telephone conversation with an investor). If previously undisclosed material information has been inadvertently disclosed to an analyst or any other person not bound by an express confidentiality obligation, such information must be fully disclosed immediately via news release.
- f) Disclosure of material information on the Company’s website alone does not constitute adequate disclosure of material information.
- g) Any disclosure of material information must be immediately corrected via the issuance of a news release should the Company discover that such disclosure contained a material error at the time it was given.

6. FORMAL DISCLOSURE OF MATERIAL INFORMATION

A news release must be prepared immediately when it is determined that a material change or selective disclosure of material information has occurred. Such news release must be accurate and factual, and contain sufficient detail to enable investors to understand the true substance and importance of the information in order to allow them to make informed investment decisions.

Prior to issuance, all news release must be approved by:

- a) The President and the CEO (or delegate); and

In addition:

- a) If the news release is determined to contain material financial information, it must be approved by the Chief Financial Officer (CFO) (or delegate);



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- b) If the news release is deemed to contain material information pertaining to operations, it must be approved by the Chief Operating Officer (COO) (or delegate); and
- c) If the news release is deemed to contain material information pertaining to exploration, it must be approved by a qualified person (or delegate).

Once necessary authorizations have been obtained, the procedures pertaining to regulatory clearance and dissemination outlined below in “News Releases” shall be followed.

7. MAINTAINING CONFIDENTIALITY

As set out in the Company’s Code of Business Conduct, all employees privy to confidential information are prohibited from communicating such information to anyone else, unless duly authorized or legally obligated to do so. Efforts will be made to limit access to confidential information to only those who need to know the information and such persons will be advised that the information is to be kept confidential.

Communication by e-mail leaves a physical track of its passage that may be subject to later decryption attempts. All confidential information being transmitted over the Internet must be secured by the strongest up-to-date encryption and validation methods available. Where possible, employees should avoid using email to transmit confidential information.

Outside parties privy to undisclosed material information concerning the Company will be instructed not to divulge such information to anyone else, other than in the necessary course of business, and that they may not trade in the Company’s securities until such information has been publicly disclosed. Such outside parties will confirm their commitment to the non-disclosure of the information in the form of a written confidentiality agreement.

In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

- a) Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who “need to know” such information in the necessary course of business and code names should be used if deemed necessary.
- b) Confidential matters should not be discussed in places where the discussion may be easily overheard, such as elevators, hallways, restaurants, airports or taxis.
- c) Where possible, confidential matters should not be discussed on wireless telephones or other wireless devices.
- d) Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them.



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- e) Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.
- f) Transition of documents by electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that such transmission can be made and received under secure conditions.
- g) Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work area after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
- h) Access to confidential electronic data should be restricted through the use of passwords.

8. EMPLOYEE TRADING GUIDELINES

It is illegal under securities laws for any person or company in possession of material, non-public information regarding the Company to trade in its securities until such information has been fully disclosed and a reasonable period of time has passed to allow for dissemination of that information.

Any employee who is contemplating trading First Metals securities, and is uncertain as to whether or not they are in possession of material, non-public information, should first contact the CEO.

9. INSIDER TRADING REPORTING

Securities legislation requires that individuals defined as “insiders” of a public company (primarily the directors, officers and significant shareholders of such company) must report trades in the securities of that company to the securities commissions of their respective provinces via SEDI.

10. NEWS RELEASES

Once information regarding the Company is determined to be material, the CEO will, unless it is determined that such information must remain confidential for the time being (in which case, the CEO shall ensure the appropriate confidential filings are made, and the appropriate controls regarding such material information are instituted), prepare of cause to be prepared a news release announcing such information, and obtain the necessary authorizations for the issuance of the news release. Should a statement containing material information inadvertently be made in a



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selective forum, the Company will immediately a news release in order to fully disclose that information.

If the Toronto Stock Exchange (“TSX”) is open for trading at the time of the proposed announcement of material information, prior notice of a news release announcing material information must be provided to TSX Market Surveillance to enable a trading halt, if deemed necessary by the TSX. If a news release announcing material information is issued outside of trading, TSX Market Surveillance must be notified before the market opens if it reasonably possible to do so.

Annual and interim financial results will be publicly released immediately following board approval of the financial statements.

News release will be disseminated through an approved newswire service the provides simultaneous national and/or international distribution. News releases will be transmitted to all stock exchange members, relevant regulatory bodies, major business wires, national financial media and the local media in areas where the Company has its headquarters and operations.

News releases will be posted on the Company’s website immediately after release over the newswire.

11. CONFERENCE CALLS

The Company may have conference calls for quarterly earnings and major corporate developments, where discussion of key aspects is accessible simultaneously to all interested parties, some as participants by telephone and others in a listen-only mode by telephone or via a webcast over the Internet. The call will be preceded by a news release containing all relevant material information. At the beginning of the call, a Company spokesperson will provide appropriate cautionary language with respect to any forward-looking information and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties.

The Company will provide advance notice of the conference call and webcast by issuing a news release announcing the date and time and providing information on how interested parties may access the call and/or webcast. In addition, the Company may send invitations to analysts, institutional investors, the media and others invited to participate. Any non-material supplemental information provided to participants will also be posted to the website for others to view. An achieved audio webcast on the Internet will be made available following the call for a minimum of seven days, for anyone interested in listening to a replay.



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12. RUMOURS

The Company does not comment, affirmatively or negatively, on rumours or speculation. This also applies to rumours to speculation circulated on the Internet. Should the TSX request that the Company make a definitive statement in response to a market rumour that is causing significant volatility in the stock, the Company's Board of Directors will consider the matter and decide whether to make a policy exception.

13. TRADING RESTRICTIONS AND BLACKOUT PERIODS

It is illegal under securities legislation for any person or company to trade in securities of any public company with knowledge of material information affecting that company that has not been publicly disclosed. Employees, directors and insiders of the Company may also be liable for improper transactions by any person or company to whom they have disclosed material non-public information. Therefore, employees, directors and insiders with knowledge of confidential or material information about the Company or counter-parties in negotiations of material potential transactions, are prohibited from trading shares in the Company or any counter-party until the information has been fully disclosed and a reasonable period of time has passed for the information to be widely disseminated.

Trading blackout periods will apply to all such situations including to those employees with access to material undisclosed information during periods when financial statements are being prepared but results have not been publicly disclosed. These blackout periods are set out in the Company's Insider Trading Policy. The blackout period commences with the completion of the first draft of the financial statements and ends on the commencement of business on the second trading day following the issuance of a news release disclosing quarterly or annual results.

Blackout periods may be prescribed from time to time by the Company as a result of special circumstances relating to the Company pursuant to which insiders of the Company would be precluded from trading in securities of the Company. All parties with knowledge of such special circumstances should be covered by the blackout. Such parties may include external advisors such as legal counsel, investment bankers, IR consultants, and counter-parties in negotiations of material potential transactions.

14. QUIET PERIODS

In order to avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, the Company will observe a quarterly quiet period, during which no financial guidance will be provided to anyone, other than responding to unsolicited inquiries concerning factual matters. The quiet period commences on the fifteenth day of the month following the end of a quarter and ends with the issuance of the quarterly results.



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15. MANAGING EXPECTATIONS

The Company will, consistent with its policy on making public forecasts, try to ensure, through its regular public dissemination of quantitative and qualitative information that analysts' estimates are in line with the Company's own expectations. The Company will not confirm, nor attempt to influence, an analysts' opinions or conclusions and will not express comfort with analysts' models and earnings estimates.

If the Company has determined that it will be reporting results materially below or above publicly held expectations, it will disclose this information in a news release in order to enable discussion without risk of selective disclosure.

16. CONTRACT WITH ANALYSTS, INVESTORS AND THE MEDIA

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material, non-public information. If the Company intends to announce material information at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release.

The Company recognizes that meetings with analysts and significant investors are an improvement element of the Company's investor relations program. The Company will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this disclosure policy.

The Company will provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information, recognizing that an analyst or investor may construct this information into a mosaic that could result in material information. The Company cannot alter the materiality of information by breaking down the information into smaller, non-material components.

17. REVIEWING DRAFT ANALYST REPORTS AND MODELS

It is the Company's policy to review, upon request, analysts' draft research reports or models. The Company will review the report or model for the purpose of pointing out errors in fact based on publicly disclosed information. It is the Company's policy, when an analyst inquires with respect to his/her estimates, to question an analyst's assumptions if the estimate is a significant outlier among the range of estimates and/or the Company's published earnings guidance. The



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Company will limit its comments in responding to such inquiries to non-material information. The Company will not confirm, or attempt to influence, an analyst's options or conclusions and will not express comfort with the analyst's model and earnings estimates.

In order to avoid appearing to "endorse" an analyst's report or model, the Company will provide its comments orally or will attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

18. RESPONSIBILITY FOR ELECTRONIC COMMUNICATIONS

This disclosure policy also applies to electronic communications. Accordingly, officers and personnel responsible for written and oral public disclosures shall also be responsible for electronic communications.

The CEO is responsible for updating the investor relations section of the Company's website and is responsible for monitoring all Company information placed on the Website to ensure it is accurate, complete, up-to-date and in compliance with relevant securities laws.

The CEO must approve all links for the Company website to a third party Website. Any such links will include a notice that advises the reader that he or she is leaving the Company's website and that the Company is not responsible for the contents of the other site.

Investor relations material shall be contained within a separate section of the Company's website. All data posted to the website, including text and audiovisual material, shall show the date such material was issued. Any material changes in information must be updated immediately. The Company will maintain a log indicating the date that material information is posted and/or removed from the investor relations Website. The minimum retention period for material corporate information on the website shall be two years.

Disclosure on the Company's website alone does not constitute adequate disclosure of information that is considered material, non-public information. Any disclosures of material information on its website will be preceded by the issuance of a news release.

The CEO or designate shall be responsible for responses to electronic inquiries. Only public information or information which could otherwise be disclosed in accordance with this disclosure policy shall be utilized in responding to electronic inquiries.

In order to ensure that no material undisclosed information is inadvertently disclosed, employees are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to the Company's activities or its securities. Employees who encounter a discussion pertaining to the Company should advise the CEO or designate immediately, so the discussion may be monitored.



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19. FORWARD-LOOKING INFORMATION

The Company does not intend to disclose forward-looking information or to provide earnings guidance.

Should the Company elect to disclose forward-looking information (“**FLI**”) in continuous disclosure documents, speeches, conference calls, etc., the following guidelines will be observed.

- a) the information, if deemed material, will be disseminated via news release, in accordance with this disclosure policy;
- b) the information will be clearly identified as forward looking;
- c) the Company will identify all material assumptions used in the preparation of the forward-looking information;
- d) the information will be accompanied by a statement that identifies, in very specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement, preferably including a sensitivity analysis to indicate the extent to which different business conditions from the underlying assumptions may affect the actual outcome; and
- e) the information will be accompanied by a statement that disclaims the Company’s intention or obligation to update or revise the FLI, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, should subsequent events prove past statements about current trends to be materially off target, the Company may choose to issue a news release explaining the reasons for the difference. In this case, the Company will update its guidance on the anticipated impact on revenue and earnings (or other key metrics).

If the Company has issued a forecast or projection in connection with an offering document covered by National Policy 48 – Future Oriented Financial Information (“**NP48**”), the Company will update that forecast or projection periodically, as required by NP48.

20. DISCLOSURE RECORD

The Company will maintain a five year file containing all public information, including continuous disclosure documents, news release, analysts’ reports, transcripts or tape recordings of conference call, debriefing notes, notes from meetings and telephone conversations with analysts and investors, and newspaper articles.

SCHEDULE “A”

EXAMPLES OF POTENTIALLY MATERIAL INFORMATION

(reproduced from National Policy 51-201 – Disclosure Standards)

Changes in Corporate Structure

- changes in share ownership that may affect control of the company
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

Changes in Capital Structure

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in a company’s dividend payments or policies
- material modifications to the rights of security holders

Changes in Financial Results

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- shifts in financial circumstances, such as cash flow reductions, major asset write offs or write downs
- any material change in the company’s accounting policies

Changes in Business and Operations

- any development that affects the company’s resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers
- significant new contracts, products, patents, or services or significant losses of contracts of business
- significant discoveries by resource companies
- changes to the Board of Directors or executive management, including the departure of the company’s CEO, CFO, COO or president (or persons in equivalent positions)
- the commencement of, or development in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible

- de-listing of the company's securities or their movement from any quotation system or exchange

Acquisitions and Dispositions

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company

Changes in Credit Arrangements

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of the company's assets
- defaults under debit obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements