

COMPANIES FORM No. 395

Particulars of a mortgage or charge

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number

[7][][][][]

00961050

Name of company

* The Aluminium Powder Company Limited (the **Chargor**)

Date of creation of the charge

13 August 2004

Description of the instrument (if any) creating or evidencing the charge (note 2)

Guarantee and Debenture made between the Chargor and the Collateral Agent (as defined below) (the **Deed**)

Amount secured by the mortgage or charge

The actual, contingent, present and/or future obligations and liabilities of the Chargor to any of the Secured Parties under or pursuant to the Guarantee and Debenture (the **Secured Obligations**)

Names and addresses of the mortgagees or persons entitled to the charge

MHR Institutional Partners II LP of c/o MHR Fund Management LLC, 40 West 57th Street, 24th Floor, New York, New York as agent and trustee for the Lenders (the **Collateral Agent**)

Postcode 10019

Presenter's name address and reference (if any):

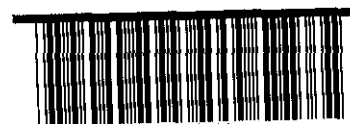
Denton Wilde Sapte
1 Fleet Place
London
EC4M 7WS

LJL/54421.00006/6798720

Time critical reference

For official Use
Mortgage Section

Post room



LDS
COMPANIES HOUSE

0471
27/08/04

6798720

M

CHFP025

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

*insert full name of Company

Please return via

H London Counter

Short particulars of all the property mortgaged or charged

1. Mortgages, fixed charges and floating charge

1.1 The Chargor, with full title guarantee, as continuing security for the payment of the Secured Obligations thereby charged in favour of the Collateral Agent (as agent and trustee for the Secured Parties):

- (a) by way of legal mortgage all estates or interests in the freehold, leasehold and other immovable property described in Schedule 1 of this Form 395 and the proceeds of sale thereof and all buildings and trade and other fixtures on any such property belonging to or charged to the Chargor (the **Legally Mortgaged Property**);

(continued on doc. no. 6798733)

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

Particulars as to commission allowance or discount (note 3)

Nil

Signed

Denton Wilder Sayle

Date

27 August 2004

On behalf of ~~(company)~~ [mortgagee/chargee]†

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his:
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF14 3UZ

COMPANIES FORM No. 395 (Cont.)

Continuation Sheet No 1

Company Number

00961050

Name of company

The Aluminium Powder Company Limited (the **Chargor**)

Amount secured by the mortgage or charge

Company Number

00961050

Name of company

The Aluminium Powder Company Limited (the **Chargor**)

Short particulars of all the property mortgaged or charged (continued)

- (b) by way of fixed charge all estates or interests in any freehold, leasehold and other immovable property at the time of the Deed or at any time during the continuance of the security belonging to the Chargor (other than the Legally Mortgaged Property) and the proceeds of sale thereof and all buildings and trade and other fixtures from time to time on any such property belonging to or charged to the Chargor;
- (c) by way of fixed charge all plant, machinery, vehicles, computers and office and other equipment owned by the Chargor both at the time of the Deed and in the future;
- (d) by way of fixed charge:
 - (ii) the Shares; and
 - (iii) the Investments;

and all rights to subscribe for, redeem, convert other securities into or otherwise acquire any of the same which may at the time of the Deed or thereafter belong to the Chargor, together with all dividends, interest and other income and all other Related Rights of whatsoever kind deriving from or incidental to any of the foregoing;
- (e) by way of fixed charge the goodwill of the Chargor and its uncalled capital at the time of the Deed or at any time thereafter in existence;
- (f) by way of fixed charge all copyrights, patents, patent applications, licences, trade marks, tradenames, know-how and inventions or other rights of every kind deriving therefrom at the time of the Deed or at any time thereafter belonging to the Chargor and all fees, royalties and other rights of every kind deriving from such copyrights, patents, trade marks, tradenames, know-how and inventions (hereinafter collectively referred to as the **Intellectual Property**);
- (g) by way of fixed charge the Accounts;
- (h) by way of fixed charge all Monetary Claims other than claims which are otherwise subject to a fixed charge pursuant to the Deed; and
- (i) by way of floating charge the whole of the Chargor's undertaking and all its property, assets and rights, whatsoever and wheresoever, at the time of the Deed and in the future, other than any property or assets from time to time or for the time being effectively mortgaged or charged to the Collateral Agent by way of fixed charge by this sub-Clause (hereinafter collectively referred to as the **Floating Charge Property**).

1.2 The security constituted by or pursuant to the Deed shall be in addition to and shall be

Name of company

The Aluminium Powder Company Limited (the **Chargor**)

Short particulars of all the property mortgaged or charged (continued)

independent of every bill, note, guarantee, mortgage, pledge or other security which the Collateral Agent or any other Secured Party may at any time hold in respect of any of the Secured Obligations and it is thereby declared that no prior security held by the Collateral Agent or any other Secured Party over the Charged Property or any part thereof shall merge in the security created thereby or pursuant thereto.

- 1.3 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 (incorporated by Schedule 16 of the Enterprise Act 2002) shall apply to any floating charge created pursuant to the Deed.

2 Negative pledge

The Chargor covenanted in the Deed that without the prior written consent of the Collateral Agent it shall not nor shall it agree or purport to:

- (b) create or permit to subsist any Encumbrance whether in any such case ranking in priority to or pari passu with or after the security created by the Deed save to the extent permitted or required under the Financing Agreement; or
- (c) sell, discount, factor, transfer, lease, lend or otherwise dispose of, whether by means of one or a number of transactions related or not and whether at one time or over a period of time, the whole or any part of its undertaking or assets except:
 - (ii) as permitted under the Financing Agreement; or
 - (iii) Floating Charge Property in the ordinary course of trading by the Chargor and on arm's length terms.

3 Continuing security

The security constituted by the Deed shall be continuing and shall not be considered as satisfied or discharged by any intermediate payment or settlement of the whole or any part of the Secured Obligations and shall be binding until all the Secured Obligations have been discharged in full to the satisfaction of the Collateral Agent and all of the Secured Parties have ceased to have any obligation whether actual or contingent to make any credit or accommodation available to the Chargor.

4 Subordination Deed

The Deed and the Chargor's obligations thereunder are subject to the terms of the Subordination

COMPANIES FORM No. 395 (Cont.)

Continuation Sheet No 4

Company Number

00961050

Name of company

The Aluminium Powder Company Limited (the **Chargor**)

Short particulars of all the property mortgaged or charged (continued)

Deed.

5 Definitions

In this Form 395 the following words have the following meanings:

Account means any credit balance from time to time on any account opened or maintained by the Chargor with the Collateral Agent or any other financial institution and all Related Rights and **Accounts** shall be construed accordingly.

Administrative Agent has the meaning given to such term in the Financing Agreement.

Borrower means each of the companies listed in Schedule 2 to this Form 395 below and any other entity that falls within the definition of the term Borrower as defined in the Financing Agreement from time to time and **Borrowers** shall be construed accordingly.

Encumbrance means any mortgage, charge, assignment for the purpose of security, pledge, lien, right of set-off, arrangements for retention of title, or hypothecation or trust arrangement for the purpose of, or which has the effect of, granting security or other security interest of any kind whatsoever or any agreement, whether expressed to be conditional or otherwise, to create any of the same but excluding the Junior Security and the Senior Security (as each such term is defined in the Subordination Deed) or any agreement to sell or otherwise dispose of any asset on terms whereby such asset is or may be leased to or re-acquired or acquired by the Chargor;

Financing Agreement means a financing agreement dated on or about the date of the Deed made between each of Metallurg, Inc., a Delaware corporation (**MI**), Shieldalloy Metallurgical Corporation, a Delaware corporation, (as A Borrowers), each affiliate of the Borrowers listed on the signature pages thereto as an A Guarantor (as defined therein), Metallurg Holdings, Inc., a Delaware corporation (as the B Borrower), MI (as the B Guarantor), certain lenders and the Collateral Agent (as Collateral Agent and Administrative Agent), the Lenders and the L/C Issuer (each as defined herein) who have agreed to make available certain facilities on the terms and conditions contained in the Financing Agreement.

Investments means all stocks, shares, debentures, bonds, notes and loan capital (other than the Shares) of any body corporate.

L/C Issuer has the meaning given to such term in the Financing Agreement.

Lenders has the meaning given to such term in the Financing Agreement.

LSM means London & Scandinavian Metallurgical Co Limited a company incorporated under the

Name of company

The Aluminium Powder Company Limited (the **Chargor**)

Short particulars of all the property mortgaged or charged (continued)

laws of England and Wales with registered number 00345279.

Monetary Claims means any book and other debts and monetary claims owing to the Chargor and any proceeds of such debts and claims (including any claims or sums of money deriving from or in relation to any *Intellectual Property*, any *Investment*, the *proceedings of any insurance policy*, any court order or judgment, any contract or agreement to which the Chargor is a party and any other assets, property, rights or undertaking of the Chargor.

Related Rights means in relation to any asset:

- (a) the proceeds of sale of any part of any asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all rights, benefits, claims, contracts, warranties, remedies, security, indemnities or covenants for title in respect of that asset; and
- (d) any moneys and proceeds paid or payable in respect of that asset.

Secured Parties means all and each of the Collateral Agent, the Administrative Agent the L/C Issuer and each of the Lenders and **Secured Party** shall be construed accordingly.

Shares means all of the shares in any Subsidiary held by, to the order or on behalf of the Chargor at any time.

Subordination Deed means the subordination deed dated on or about the date of the Deed between inter alios the Chargor, LSM, Barclays Bank plc and HSBC Bank plc as senior lenders and MHR Institutional Partners II LP and MHR Institutional Partners IIA LP as junior lenders.

Subsidiary has the meaning ascribed to it by section 736 of the Companies Act 1985 and **Subsidiaries** shall be construed accordingly.

Schedule 1 – The Legally Mortgaged Property

- 1 Leased premises known as Penrhos Works, PO Box 4, Holyhead, Anglesey LL65 2UJ, under a lease from RTZ Aluminium Limited dated 5 June 1970 for a term of 42 years less 3 days from 29 September 1969.
- 2 Leased premises known as Forge Lane, Minworth, Sutton Coldfield, West Midlands, under a lease

COMPANIES FORM No. 395 (Cont.)

Continuation Sheet No 6

Company Number

00961050

Name of company

The Aluminium Powder Company Limited (the **Chargor**)

Short particulars of all the property mortgaged or charged (continued)

from Norman Gidney and Carol Ann Gidney dated 11 March 1997 for a term of 5 years from 17 July 1995.

Schedule 2 – The Borrowers

Part 1 – The A Borrowers

- 1 Metallurg, Inc., a Delaware corporation.
- 2 Shieldalloy Metallurgical Corporation, a Delaware corporation.

Part 2 – The B Borrower

Metallurg Holdings, Inc., a Delaware corporation.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 00961050

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT GUARANTEE & DEBENTURE DATED THE 13th AUGUST 2004 AND CREATED BY ALUMINIUM POWDER COMPANY LIMITED (THE) FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO THE SECURED PARTIES UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 27th AUGUST 2004.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 1st SEPTEMBER 2004.

LC Angela



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES