



The Manager
Company Announcements Office
Australian Securities Exchange

29 June 2011

Dear Sir/Madam,

CONDITIONAL SALE OF MF AFRICA

Metals Finance Limited (the Company) is pleased to advise that it has entered into conditional agreement for Muva Metals (Pty) Ltd (Muva Metals), of South Africa, to purchase its interests in Metals Finance Africa (Pty) Ltd. (MFA) and the Chambishi tailings project in Zambia.

MFA was established in 2006 as a 50/50 joint venture company with Muva Metals. to pursue interests in projects in Southern Africa. In 2009, MFA was responsible for the successful establishment of a state of the art nickel sulphate project in South Africa, in joint venture with the Rio Tinto-controlled Palabora Mining Company (Palabora). As announced to the market in December 2010 this facility was subsequently sold to Palabora. MFA's activities over the past two years have been focused on the completion of a Definitive Feasibility Study on the Chambishi copper-cobalt tailings project in Zambia, and in progressing that project towards development.

Under the agreements entered into with Muva, the proposed sale is conditional upon the establishment by Muva and MFA of the funding required for the development of the Chambishi project, within 120 days of execution of the agreements, and to Muva assuming immediate responsibility for funding of MFA's ongoing activities. The proposed consideration is as follows:

1. A cash settlement of \$700,000 on confirmation of funding for the Chambishi project
2. \$2,200,000 by way of a fee of \$1.50 per tonne of tailings treated by the project.

Completion of the transaction remains subject to successful funding and subsequent establishment of the Chambishi project. In the intervening period no further funding will be required from the Company.

Subject to successful completion, this sale will conclude a process of rationalisation of the Company's activities in Africa. Coupled with loan funds recovered by the Company from the Palabora sale, conclusion of the sale will result in the Company having achieved a total return of cash of approximately \$7.4 million.

The agreement with Muva places the Company in a position to devote additional focus to the development of the Lucky Break and Barnes Hill nickel projects in Australia, and to pursue other corporate opportunities.

P.A. Treasure
Chief Executive Officer