



METALS FINANCE LIMITED

SPECIALISTS IN METAL RECOVERY

Metals Finance Limited

Chairman's Address at 2011 Annual General Meeting

Stock markets have not been kind to small mining explorers, and MFC is no exception. Whilst management has worked hard this year, their effort is not reflected in our current share price.

Extracting ourselves from our investments in Africa has taken longer than we planned. However, our actions to return funds to Australia and limit our commitment in dollar terms to Metals Finance Africa are important achievements. Our current arrangements call for settlement of the outstanding balance from our minority partners during the first quarter of 2012.

Our investment in Bass Metals has been very disappointing. Bass failed to manage its cash flows affectively during the year and was forced to undertake a financial restructure [in which we participated] with consequent effects on their share price. We have written down our holding costs to 18 cents per share, however, a further write-down may be necessary. We propose to undertake a strategic review of our investment in Bass Metals early in 2012.

Our management has been working on completing the preliminary feasibility study on our nickel joint-venture at Lucky Break in Queensland. Dow Chemical has joined us in this project, and is in the process of forming a broader alliance with us with consequences for other potential ventures. Going forward, we will be looking at our financial and strategic options so that we can bring Lucky Break into production and generate cash flow.

We are also partners with Proto Resources in the Barnes Hill nickel project in Tasmania. Further work is being undertaken on the options available to take this project into production. MFC is responsible for undertaking project feasibility analysis.

Management is working on a number of other projects in the nickel area and we hope to be able to report further progress early in the New Year.

Currently our cash on hand is \$2,961,000.

2012 looks like being a challenging year for your company as we seek to develop our projects and fund them in difficult market conditions.

Tony Treasure, your managing director, will outline our activities and operations in more detail in his address.

Thank you for your attention and attendance.

Geoffrey Hill
Chairman