



ASX Announcement

10<sup>th</sup> May 2013

## **METALS FINANCE SIGNS OPTION AGREEMENT TO ACQUIRE 100% OF THE LUCKY BREAK NICKEL PROJECT**

### **HIGHLIGHTS**

- **Metals Finance Limited, through its wholly owned subsidiary Nickel Developments Limited, has signed an Option Agreement to acquire 100% of the Lucky Break Nickel Project**
- **The Lucky Break Nickel Project has a 10 year mine life with a NPV of \$22m and an IRR of 40% at a discount rate of 12.5%, on the basis of the assumptions incorporated into the previously completed DFS**
- **The Lucky Break Nickel Project will produce around 670t of nickel cathode per annum with annual revenue of approximately \$18m**
- **Nickel Developments has an exclusive option to acquire the Lucky Break Nickel Project from Metallica Minerals Limited (ASX:MLM) for a cash consideration of \$1m.**

Metals Finance Limited (ASX:MFC) is pleased to announce that through its wholly owned subsidiary Nickel Developments Limited (the Company, NDL), NDL has signed an Option Agreement to acquire 100% of the Lucky Break Nickel Project (Lucky Break) from Metallica Minerals Limited (ASX:MLM). Under the agreement, NDL has the exclusive right to acquire 100% of the project for a cash consideration of \$1million. The Option Agreement enables NDL to exercise the Company's ability to acquire the Project through to 28<sup>th</sup> February 2014.

Lucky Break is located approximately 100 km north of Charters Towers and 140 km west of Townsville in North Queensland. It comprises two discrete ore-bodies with mineralisation that crops out at surface, these being Dingo Dam, (ML10324) and Circular Laterite, (ML10332). The two Mining Leases are contiguous and are held by NORNIC Pty Ltd, a wholly owned subsidiary of MLM. The Option Agreement includes both Mining Leases that are on 100% freehold land.



NDL has undertaken extensive testwork at Lucky Break including laboratory analysis along with the construction and operation of a pilot plant facility. NDL has designed and implemented a hydrometallurgical flowsheet that can economically process nickel laterite ores, the flowsheet being a combination of atmospheric leaching, Ion Exchange technology and electrowinning. It has the capability to recover nickel from laterite ore to produce an LME grade nickel cathode product.

The outcome from the research and development by NDL in the area of nickel laterite treatment is the ability to deploy a low operating cost and low capital intensity project. The feasibility study completed by NDL has been independently reviewed and verified.

The key parameters of the Lucky Break Feasibility Study are:

Project Factor	Value	Unit
Average throughput years 1 to 6 @ 1.37%	60,000	tonnes per annum (tpa)
Average throughput years 7 to 10 @ 0.08%	100,000	tonnes per annum (tpa)
Ni price (long term)	11.00	US\$ / lb
Vat Leach Ni Recovery	85%	
IX Ni Recovery	98%	
Average Ni Production	673	
Acid consumption	425	kg / tonne
Acid price (including delivery)	110	A\$ / tonne
US\$ / A\$ exchange rate (long term)	0.88	

These parameters indicate a viable project that has the following economic metrics:

Discount Rate	NPV	IRR
8.0 %	\$ 30.6m	40%
10.0 %	\$ 26.6m	40%
12.5 %	\$ 22.3m	40%

The Option Agreement for Lucky Break is a step forward as NDL seeks to attract project funding to commence construction and production at the Lucky Break Nickel Project.

#### FOR FURTHER INFORMATION CONTACT:

Mark Sykes  
 Chief Executive Officer  
 Metals Finance Limited  
 T: +61 (7) 3807 4166

More details are available on company website [www.metalsfinance.com](http://www.metalsfinance.com)

#### Competent Person

*Information within this announcement which pertains to mineralisation or resources is based on information compiled by Mr Tony Treasure who is a consultant to Metals Finance Limited and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Treasure has sufficient experience in the fields under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore reserves and consents to the inclusion of this information in the form and context of which it appears in this report.*



P O BOX 689, ORMEAU, 4208, QUEENSLAND, AUSTRALIA  
 WWW.METALSFINANCE.COM  
 ACN 127 131 604

Tel: +61 (0) 7 3807 4166  
 Fax: +61 (0) 7 5573 6097