

Metals Finance AGM Chairman's Address

The mining sector is currently in a state of great flux, given low prices for most major metals. While little can be done to enhance the value of our in-ground resources in this cash constrained environment, growth-orientated companies like Metals Finance need to change in order to survive and prosper. I am pleased to report that your board and I are embarking on a progressive action plan to acquire a suitable new mining business with the aim of restoring our fortunes.

Regrettably , MFC today is a shadow of its former self. At 31-8-2013 we had shareholders funds of only \$326000.

Today

- we have 3 non executive directors and a small staff of 1 ,
- 371 shareholders
- and our principal assets are \$655,000 in cash plus our shares in Bass metals which are today worth \$180,000

MFC is in a difficult position as we have limited options and limited financial capability.

But more on that in a minute.

First, I would like to turn to the year in review.

Tony Treasure, the founder of our Company and our former Managing Director, retired in May 2013. Tony's drive and inspiration enabled the formation and listing of MFC thanks to his tireless promotion of the Company's prospects. It is good to see Tony here today, and I thank him for all of his efforts over the years. We have been fortunate in having finding an able replacement in our new CEO Mark Sykes

NICKEL

The most notable of MFC's recent achievements was to assemble a portfolio of promising nickel developments. We looked long and hard at consolidating these interests and listing them as a separate entity but regrettably this proved to be impossible because of the difficult nickel markets and associated lack of investor interest. While we believe that our nickel portfolio has long term potential, none of the individual ventures are economically viable today. That has led to them being placed on a nil expenditure, care and maintenance basis.

METALS FINANCE AFRICA

The expected sale of our African assets has not occurred as planned, so steps have been taken to curtail expenditure. Our investment has been written down accordingly.

NEW PROJECTS

We have reviewed a number of new projects during the past 12 months or so, particularly in relation to tin. We believe that there are considerable opportunities to take advantage of the demand for tin and within our limited capabilities have undertaken abroad scale review. As of now, however, none have progressed to the stage where they can be acquired or developed.

BASS METALS

Our investment in Bass Metals suffered significantly under the previous board and management of that company, and MFC decided that we either needed to take control of the investment or exit altogether. We achieved the former, and MFC Director Mr Rick Anthon was appointed

chairman of Bass in November 2013. Progress is being made to restore value to that company.

OVERHEADS

All of our costs and expenses, including board fees, have been rigorously examined and reduced. We closed our office at Yatala in Queensland during the year, and outsourced our accounting and administration activities in order to reduce costs to the bare minimum.

MFC IN 2014

It is clear that, if we are to survive, MFC needs to change both its business strategy and its operations to make best use of our cash resources and to acquire a new operation and activity which has both market interest and considerable upside potential .

I am Chairman of Texas & Oklahoma Coal Company Limited [TOCC], an unlisted public company that is focused on developing substantial Coking Coal Projects in Canada and the US. During the last three years, TOCC has acquired a portfolio of exploration and development projects. It also has an option to acquire a producing, profitable coal mine in Oklahoma. TOCC had been in the process of assessing its options for a public listing when I proposed to the independent directors of MFC that a merger between the two companies could unlock value for us both.

TOCC would bring significant upside potential as the coal projects are advanced, located in prime coal areas and have scale. The potential of the North American coking coal sector has already been recognised by a number of other listed Australian companies.

MFC's independent directors are examining the proposal, which will also be subject to expert independent assessment. Any deal would also comply with all ASX requirements. Full details of the proposal will be

notified to shareholders and the ASX when finalised. I'm hopeful of reporting significant progress in the next week or two.

Thank you for your time and attention.