



METALS FINANCE LIMITED

SPECIALISTS IN METAL RECOVERY

The Manager
Company Announcements Office
Australian Securities Exchange

2 August 2010

Dear Sir/Madam,

RE : UPDATE ON CHAMBISHI COPPER COBALT TAILINGS PROJECT

Metals Finance Limited subsidiary in South Africa (Metals Finance Africa (Pty) Ltd.) completed a Definitive Feasibility Study on the Chambishi copper-cobalt tailings resource in Zambia in February 2010. The project is being developed through a joint venture agreement with the resource owners, Chambishi Metals PLC (Chambishi Metals). The initial target resource has been classified under the JORC code at 1.6 million tonnes at 1.30% copper and 0.21% cobalt content, and the feasibility study has indicated a positive financial outcome for the project.

The Company is pleased to advise that Chambishi Metals have now completed an evaluation of the feasibility study, and have provided approval for the project to proceed to development, subject to execution of an operating and marketing agreement acceptable to both parties. Preparation of this agreement has commenced and is expected to be completed within the next four to six weeks. The agreement will conform to the general principles already established through the agreement currently in place.

The modelled project will produce approximately 1,000 tonnes of copper and 250 tonnes of cobalt per year during a 7 year operating life. Under the assumptions provided in the table below projected revenue from the operation is equivalent to approximately US\$73 per tonne of material treated, with operating costs estimated at US\$37 per tonne of tailings.

| Factor | Value | Unit |
|------------------------|---------|-------------|
| Tailings throughput | 240,000 | Tpa |
| Life of operation | 7 | Yrs |
| Projected capital cost | 12 | US\$million |
| Copper recovery | 40 | % |
| Cobalt recovery | 60 | % |
| Copper price | 6,500 | US\$/t |
| Cobalt price | 40,000 | \$/t |

Subject to successful completion of the operating agreement, the ongoing programme will focus in the short term on the following key areas:

- Formation of a Zambian corporation for operational purposes
- Establishment of engineering and operating contracts
- Confirmation of the optimum funding mechanism for the project
- Negotiation of potential local tax incentives
- Procurement of long term consumable supply contracts
- Confirmation of equipment suppliers and pricing
- Completion of detailed engineering of the plant and infrastructure

It is intended that this project will be funded on a standalone basis. The company has commenced discussions with potential South African debt and equity providers.

It is planned that the development of the project will be conducted through a Zambian corporation, in which Metals Finance Limited will have an effective interest of 75%. The formation of this company is currently in progress.



P.A. Treasure
Chief Executive Officer

Information within this announcement which pertains to mineralisation or resources is based on information compiled by Mr Tony Treasure who is a full time employee of 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

