METALS FINANCE LIMITED

SPECIALISTS IN METAL RECOVERY

ANNUAL GENERAL MEETING 2009

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Highlights

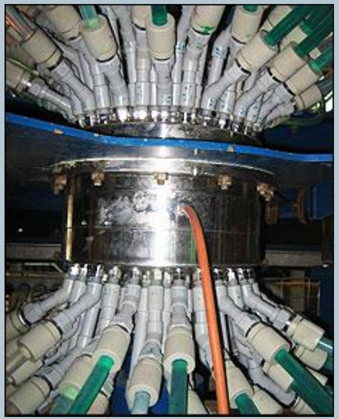
- Transition to Australia - saving of over $1 million per annum
- A very good investment in Bass Metals Ltd. worth $5.2 million at current market price
- At the time of finalisation of accounts we still have $8.2 million on deposit
- NTA per share whilst significantly above our share price grew from 19 cents per share last year to 21 cents this year
- Palabora project in continuous operation, not without difficulties
- Definitive Feasibility Studies on Lucky Break and Chambishi projects are imminent
- Proto Resources now engaged in detail drilling programme on Barnes Hill nickel project
- We have been fortunate in seeing some very good quality project opportunities in Europe , America and Africa
- We have strengthened the board in certain key areas
- Which gives us a strong pipeline going into 2010

The Year Ahead

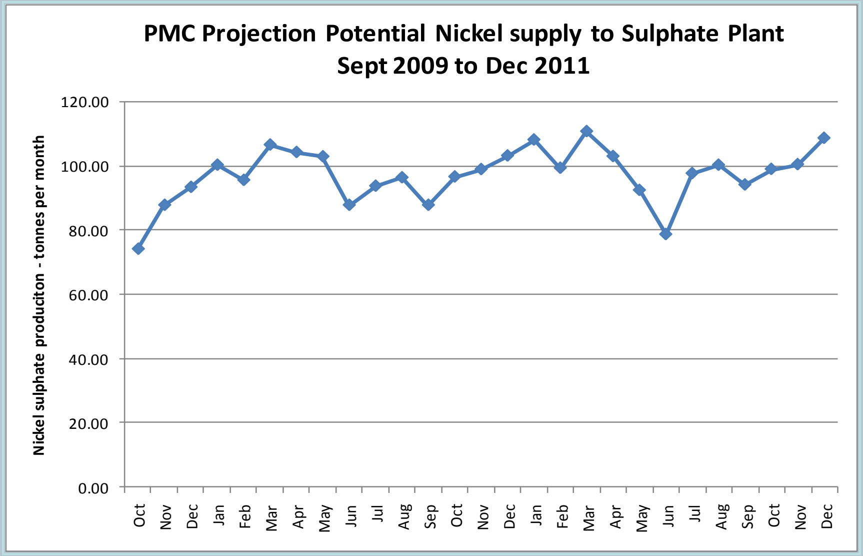
- Implementation of the Chambishi and Lucky Break projects (subject to DFS and funding)
- Rationalisation of Africa strategy and commencement of repayments of loan account from Metals Finance Africa
- Completion of Feasibility Study on the Barnes Hill project
- Identification and securing of further project opportunities
- Further increasing shareholder value

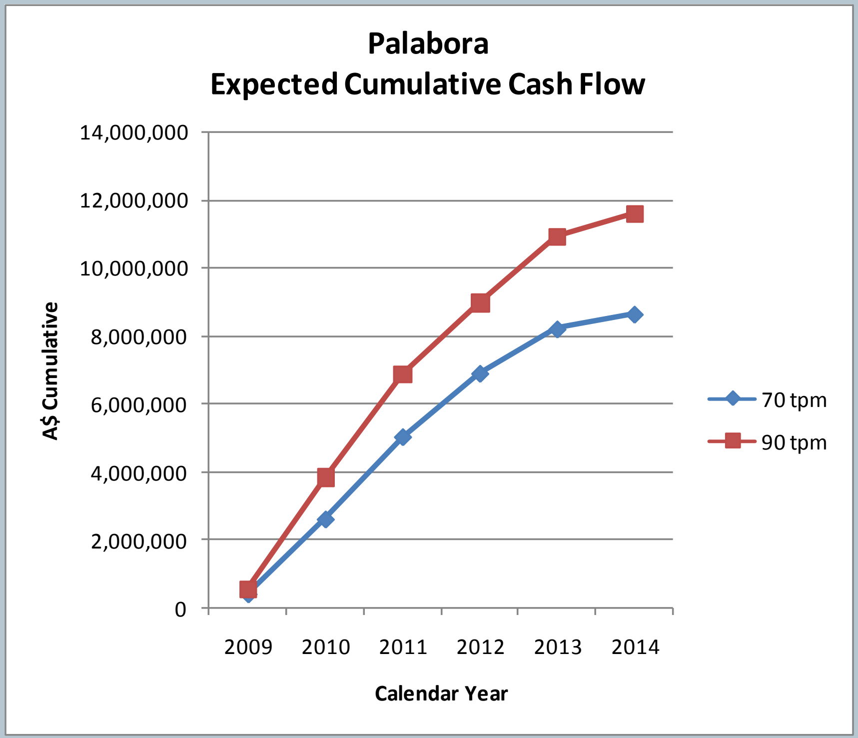
Palabora project

- The implementation of the Palabora nickel sulphate project in South Africa has represented a significant milestone and technical success for Metals Finance.
- However, the financial performance of the project over the past 12 months has been disappointing.
- This has been the result of a number of factors which have been outside of the company's control, but which have been primarily:
  - The significant drop in nickel value since the onset of the global financial crisis
  - Lower than required design supply of nickel in solution to the facility
- The issues leading to reduced nickel supply appear now to have been identified and remedial action is currently under way.
- World nickel price has come off its low of US$4.72/lb in February to its current value of US$7.68/lb



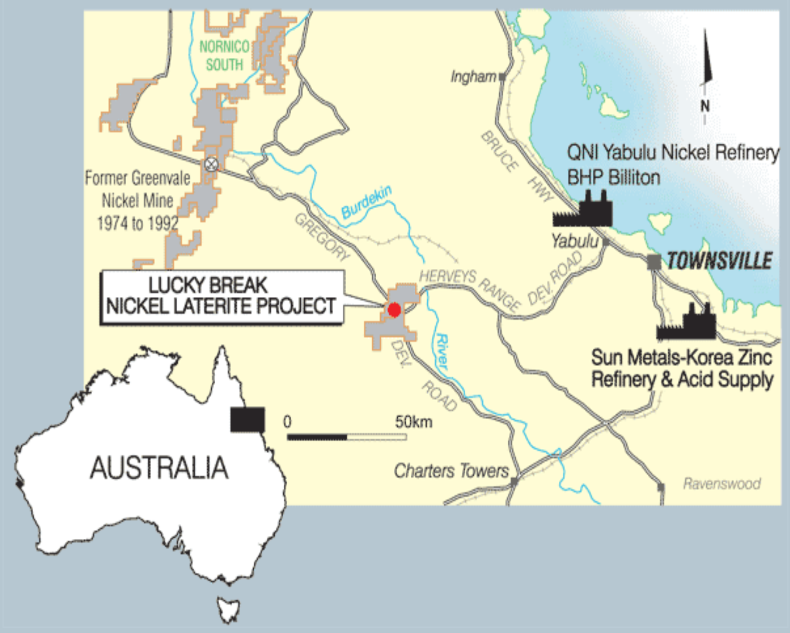
PMC Projected Nickel Supply





Lucky Break Project

- Early in 2009, the Company established a set of ‘target criteria’ under which it would consider continuing with development of the project:
  - Availability of sulphuric acid for leaching of the ore at a price of not more than A$100/tonne.
  - Establishment of a reasonable confidence level in a long term nickel value of US$7/lb.
  - The establishment of a smaller higher grade operation than originally envisaged.
- These have now been achieved and the Company is in the process of completing a Definitive Feasibility Study (DFS) on the remodelled project. This study is aiming for making a development decision on the project (if supported by the DFS) early in 2010.



Lucky Break Revised Project

- The project is targeting higher grade ore already defined in two separate ore bodies in the Lucky Break tenements.
- Raising cut off grade to 1.0% Ni (previously 0.3% Ni) provides a resource in one deposit of approximately 200,000 tonnes with a head grade of 1.47% Ni; and in another approximately 120,000 tonnes at 1.14% Ni.
- The remodelled project is examining a relatively low mining rate, of 60,000 tonnes per annum, to produce between 600 and 800 tonnes per year of nickel.
- Most of the permitting for the Lucky Break project is already in place, requiring minimal updating to take into account the revised scale of the project.
- A substantial water supply reservoir has already been established and much of the engineering previously completed remains appropriate for the project.
- In the event that the DFS confirms a viable and robust project, it will therefore be possible for the Company to progress development relatively rapidly.

Chambisi Project

- Target materials - a substantial stockpile, of approximately 2.0 million tonnes of refinery residue containing approximately 1.3% Cu and 0.21% Co. In addition potential further feedstock of similar quality material produced whilst the nearby Chambishi refinery is operating.
- 50:50 Joint venture between Metals Finance Limited (MFL) and Metals Finance Africa Pty.Ltd (MFA) (50% owned by MFL)
- MFL and MFA are in the process of completing a Definitive Feasibility Study (DFS) on the project, supported by Bateman Engineering and Mintek, large engineering groups based in South Africa.
- The results of a recent detailed drilling exercise completed on the Chambishi dump are currently being independently reviewed by an international resources consulting group, Snowden, with a view to their formal classification as a resource under the JORC code.

Chambishi

Preliminary financial analysis

US$m		**Total**
Tonnes Cu		11,318
Tonnes Co		2,981
Projected Cu ptrice	US$/lb	2.60
Projected Co price	US$/lb	16.00
Projected Revenue	US$m	170.0
Projected Operating costs	US$m	58.0
Projected Surplus	US$m	112.0
Capital cost	-8.00	-8.0
Capital recovery MFA/MFL		8.0
Surplus share MFA/MFL		49.4
Cash flow MFA/MFL		57.4
MFA/MFL IRR	100%	
MFA/MFL NPV 25%	12.7	

On the basis of this model, MFL's share in projected surplus from the project after capital repayment would be of the order of US$37.5 million (through its direct 50% equity and through its 50% shareholding in MFA), which at a discount rate of 25% would have a net present value of approximately US$9.5 million.

Barnes Hill Project

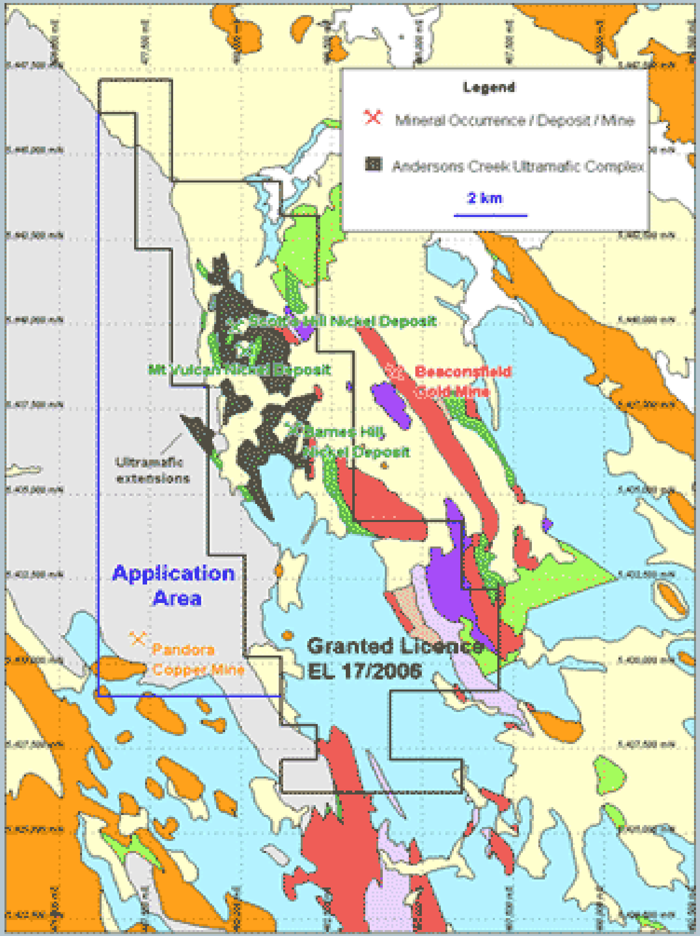
- The Barnes Hill nickel laterite project in Tasmania is being advanced under a 50:50 joint venture agreement between the project owners, Proto Resources and Investments Limited (Proto), and the Company.

- The agreement entails Metals Finance taking responsibility for the technological aspects of the proposed mining and processing, operations, as well as sourcing finance to support the project.

- In the event that development of the project is warranted, Metals Finance will arrange and/or provide funding for the project in addition to managing the development process and ongoing operations.

- In the event that Metals Finance elects not to participate in the funding of the project, the Company will receive a royalty of 3% of the value of Ni and Co produced for a period of 10 years.

- The project at this stage is considered to have significant potential for commercial development. Unlike most Ni laterite deposits, Barnes Hill is situated at a location in close proximity to necessary services and consumable sources – which offer significant capital and operating, cost savings.



Barnes Hill

- Metals Finance have recently completed an updated scoping study analysis of potential in the project, based on a model resource of 8.5 million tonnes at average nickel and cobalt grade at similar level to that indicated in drilling carried out by Proto late in 2008.

- Proto is currently completing the required detailed drilling to upgrade the resource to a measured status and, based on the results thereof, support the completion of the Detailed Feasibility Study on the project during 2010

Barnes Hill Model Parameters*		Base case
Available material*	8.6	Mt
Average Ni content*	1.1	%
Average Co content*	0.06	%
Projected Leach recovery Ni	80	%
Projected Leach recovery Co	70	%
Life of projected operation	12	years
Ni price	7.00	US$/lb
Acid price	90	A$/t delivered
Exchange rate	0.8	US:Au
Total projected capex	85	A$ million
Total projected revenue	1,526	A$ million
Operating costs	672	A$ million
Operating cost contingency	15	%
Projected surplus	854	A$ million
Project IRR %	55	%
Project NPV (at a discount rate of 15%)	165	A$ million

***Note – the above model is based on conceptual resource factors which are considered to be achievable for the project and which are being used to establish target parameters for the ongoing study. They remain subject to the results of the drilling programme planned by Proto, confirmation of Ni and Co content, determination of factors such as mining loss and/or dilution and detailed flow sheet design, piloting and financial analysis to be carried out by Metals Finance.**

Bass Metals (BSM)

- Metals Finance holds 21.6 million shares in Bass Metals Ltd (ASX:BSM) (to increase to 26.4 through rights issue). Average price after participation in rights issue is 12 cents per share. Shares current (17 Dec 2009) trading at 24 cents

- is a profitable mining and exploration company with operations in Western Tasmania. It posted a $7.4 million underlying operating profit for the year to June 30, 2009 from sales of its Que River polymetallic (zinc, lead, copper, silver & gold) ore

- BSM completed feasibility study on Hellyer project and Fossey in October 2009 and is well on track in sourcing required funding for the project. Production is expected to commence in September 2010 with total net revenue of $170 million being forecast for the two years after start up.

- BSM released an independent research report on 26 November 2009 by Green Leader Equities Research, which values the company at 48 cents per share

- BSM has project holdings in the region that have very significant potential for extension of known mineralisation and new discoveries. They have a treatment facility which is tailor made for processing of the ore types found in the Hellyer region of Tasmania

- BSM is an exciting, well managed company with significant experience if gaining in profits from small scale operations and high potential to grow rapidly through its short term plans for the Hellyer project.

Iron pigment project

- Metals Finance Africa has entered into an offtake agreement to supply up to 50,000 tonnes per annum of iron pigment to a manufacturer and supplier in South Africa.
- The arrangement with the purchaser is accompanied by a technical co-operation agreement, under which the potential purchaser has provided significant technical services and process test work over the past 12 months.

- A suitable process flow sheet for the production of a high grade iron pigment has now been established and preliminary engineering and costing have been completed. A pre-feasibility study on the project is currently under preparation and is targeted for completion by the end of January 2010
- The Company’s scoping studies suggest high potential for a robust long term project, which will be tested through pre-feasibility and feasibility studies over the next six months

Project Opportunities

- The Company has recently expanded its search for other project opportunities which may meet the requirements of the Metals Finance business plan, including:

  - Well defined metal bearing resource
  - Preliminary metallurgical test work indicating recoverability of metals
  - The achievement of an agreement satisfactory to the Company
  - The demonstration of potential IRR% in excess of 40% on initial scoping study
  - The identification of a local project manager

- The Company is currently investigating two potentially near term opportunities:

  - **Pyrite tailings Europe**
  - **Tailings projects in Chile**