16 January 2008

The Manager
Company Announcements Office
Australian Securities Exchange

SHAREHOLDER UPDATE - JANUARY, 2008

Following its recent listing on ASX, Metals Finance Corp (Company or MFC) is pleased to provide a general update to shareholders of the Company.

IPO

The Company's initial public offering, along with a pre-IPO capital raising and an issue of converting notes, raised approximately $23.8 million. These funds are sufficient to meet the costs of the planned development programme for Metals Finance Corp's first two nickel projects, Lucky Break, which is located 140 kilometres west of Townsville in North Queensland, and Palabora in Northern Transvaal, South Africa.

Development Projects

The Palabora project is on schedule for commissioning towards the end of the first quarter 2008 and the Lucky Break nickel project in North Queensland is expected to commence production in the third quarter of the year.

Operation of the Lucky Break and Palabora projects is expected to yield strong re-current earnings for Metals Finance Corp for a period in excess of four years thus providing a strong platform for further growth and investment.

The detailed feasibility study undertaken on the Palabora project combined with the current nickel price indicate that the Company can expect monthly cash flows exceeding AUD$400,000 until capital expenditure (approx $3.5 million) is repaid. Under the Joint Venture agreement, budgeted annual cash flow attributable to MFC during Y1 operations is approximately AUD$4m. Thereafter based on an average per pound nickel price of AUD$13.50 (USD$12), the Company expects annual cash flow generated from this project to exceed $2m.

On the basis of the completed detailed feasibility study, the Lucky Break project is expected to provide monthly average cash flow of AUD$1.5m per month, allowing for a six-month lead-in to a processing capacity of five tonnes per day, until capital expenditure of AUD$18.5m is repaid. Budgeted annual cash flow, following repayment of capital, is estimated to be between AUD$8-$10m for the life of the project based on an average per pound nickel price of AUD$13.50 (USD$12).

It is noted that the estimates provided above are subject to changes in commodity pricing, the price ultimately secured by MFC under an off-take agreement, time of commissioning and potential inflation in capital or operating costs that may occur during the period of development of the projects.

Further opportunities

MFC has set aggressive but achievable timeframes on three projects currently under investigation and secured by way of joint venture agreement. The Company is targeting completion of feasibility studies on two of these projects before the end of Q4-2008 and for development to commence on at least one of the projects during 2009.

The scoping and feasibility studies on these additional projects will be conducted in parallel with further resource definition work required to bring the target material to JORC Measured resource status. The projects targeted for further examination during 2008 include:

- The Barnes Hill nickel laterite project in Tasmania is owned by listed Australian company Proto Resources & Investments Limited (Proto). Proto has previously announced the project to contain 12.2 million tonnes of JORC indicated resource at 0.83% nickel and 0.07% cobalt. MFC and Proto, as joint venture partners, have agreed to progress the project feasibility study and have reached agreement on future funding arrangements should development be warranted. The Company views the Barnes Hill project as an ideal opportunity to develop and apply its engineering and operations expertise being utilised in the Lucky Break project on a significantly larger scale.

- MFC's South African joint venture partner (Metals Finance Africa) has finalised contractual negotiations to examine and co-develop if warranted a tailings dump in South Africa which reportedly contains elevated concentrations of gold, platinum, nickel and copper. A preliminary study has been commissioned and is due for completion before the end of this financial year. The early stage study will seek to confirm the parameters of the resource under JORC guidelines and will include metallurgical test-work and potential flow sheet design. MFC is confident that this project will warrant future pilot testing and the commissioning of a detailed feasibility study.

- MFC has also negotiated exclusive rights to examine and develop a copper and cobalt bearing tailings dump in Mexico. Current studies are targeted at confirming the volume and grade of the resource under JORC guidelines as well as undertaking an assessment of the metallurgical characteristics of the material. MFC plans to complete a scoping study on the project before the end of this financial year.

The Company is planning to minimise the cost of these early stage projects through the continued use of key personnel and established testing facilities. The cash flows generated from advanced-stage projects (e.g., Palabora and Lucky Break) are expected to finance more detailed studies and testing in the early-stage projects.

The Company's model is unique, and one that is geared towards reducing the financial and technical risks inherent in the development of resource projects. Under our approach, the Company does not assume the risks inherent in mineral exploration and mine development but rather focuses its activities on metal-bearing resources and materials that have already been identified.

Tony Treasure
Chief Executive Officer
Metals Finance Corp.
16 January 2008

P.A.Treasure
Chief Executive Officer