METALS FINANCE CORP
SPECIALISTS IN METAL RECOVERY

6 August 2008

The Manager
Company Announcements Office
Australian Securities Exchange

PALABORA PROJECT UP AND RUNNING

The Directors of Metals Finance are pleased to announce that the Company's nickel extraction plant at Palabora in South Africa has now been fully installed and commissioned and is producing high grade nickel sulphate for sale in South Africa and overseas.

The project has been somewhat delayed over the past two to three months through late delivery of equipment items and a longer than projected time for installation, but has been brought in on budget, in line with the estimate provided (approximately A$3.4 million) in the Company's prospectus issued in November 2007. The facility was installed over a period of approximately four months from commencement of site works.

The successful implementation of the Palabora project is a key milestone for Metals Finance, in:

1. Demonstrating the Company's ability to implement against its business plan
2. Establishing recurrent revenue to Metals Finance

The project is situated at a copper mine owned by Palabora Mining Company (Palabora) in the north east of South Africa. It is South Africa's leading copper producer, and its majority shareholders are Rio Tinto plc and Anglo-American. Palabora is South Africa's only producer of refined copper. The purpose of Metals Finances' facility at the site is the recovery of nickel from waste streams from the copper refinery, as a high grade directly saleable product.

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Metals Finance, through its 50% owned company in South Africa (Metals Finance Africa Pty.Ltd.) has a Joint Venture Agreement in place with Palabora under which the Company has been responsible for implementing and funding of the project. The company will receive surplus cash flow from operations until all capital expenditure, including interest at an agreed level, has been repaid. Thereafter the operating surplus will be divided between Metals Finance Africa and Palabora 60%:40% respectively. The project has a determined 5 year life span.

The cash flow from the project will be used by Metals Finance Africa to commence repayment of loan accounts provided for operating and project development purposes by Metals Finance Corp. (approximately A$4 million) and to provide additional working capital for the development of the Metals Finance global business plan. On the basis of a long term nickel price of US$10/lb and the operating costs projected in the project feasibility study (less than US$2/lb of nickel), cash flow to Metals Finance Africa during the first year of operations is expected to be of the order of A$3.8 million, and approximately A$2.9 million per annum thereafter. Further financial information will be provided by the Company once longer term operation of the plant has been established.

The directors would like to note that the successful implementation of this project has been greatly assisted by the management and staff at the Palabora mine, and has also been the result of a high level of skill and dedication by Metals Finance personnel based in South Africa.

The Company has substantial cash reserves in hand and is actively pursuing a number of other projects at various stages of development, including:

- The Lucky Break nickel laterite project in North Queensland
- The Barnes Hill nickel laterite project in Tasmania
- The Ergo tailings project in South Africa
- The Chambishi copper-cobalt project in Zambia

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