METALS FINANCE CORP

Appendix 4E

For the twelve months ended

31 August 2008

Appendix 4E

Preliminary Final Report (in Canadian Dollars) - 31 August 2008

Name of Entity:	**Metals Finance Corp** ARBN 127 131 604

1. Details of the reporting period

Current Period:	1 September 2007 - 31 August 2008
Previous corresponding period:	1 September 2006 - 31 August 2007

2. Results for announcement to the market				31 Aug 2008 (Canadian Dollar)
2.1 Revenues from ordinary activities (Aug 2007 - CAD 201,246)	**up**	54.5%	to	310,825
2.2 Profit / (Loss) from ordinary activities after tax attributable to members (Aug 2007 - CAD (2,765,287))	**up**	45.5%	to	(4,024,211)
2.3 Net Profit / (Loss) attributable to members (Aug 2007 - CAD (2,692,542))	**up**	37.4%	to	(3,698,249)

2.4 Dividends	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Final dividend	Nil	Nil
2.5 Record date for determining entitlements to dividends		N/A

3.Net tangible assets per security

	31 August 2007	31 August 2008
Net tangible assets per share (Canadian cents)	(0.67)	0.17

The net tangible asset per security is 17 cents (-67 cents 2007). Net tangible assets are the net assets of the company less the intangible assets. The number of shares used for the calculation of the NTA per share is 76,833,472 including the portion of the convertible note as per the Black Scholes model (31,215,576 shares for 2007)

4. Control gained or lost over entities during the period

N/A

5. Details of dividends / distributions

5.1 Date dividend / distribution is payable	N/A
5.2 Record date to determine entitlements to the dividend / distribution	N/A

	Amount per security	Franked amount per security at 30%tax	Amount per security of foreign source dividend	Date of payment
5.3 Final dividend				
Current year	N/A	N/A	N/A	
Prevoius year	N/A	N/A	N/A	
5.4 Interim dividend				
Current year	N/A	N/A	N/A	
Prevoius year	N/A	N/A	N/A	

6. Details of dividend reinvestment plan

N/A

7. Details of associates and joint venture (variable interest) entities

Metals Finance Corp. has a wholly owned subsidiary, Metals Finance Australia Pty. Ltd.

Metals Finance has the following joint ventures (variable interest) entities included in its accounts:

- Metals Finance Africa (Pty) Ltd.
- PMC Muva Joint Venture
- Santa Rosalia Joint Venture
- Lucky Break Joint Venture
- WMS Metals Finance Joint Venture
- Met-Solve Laboratories Inc. Joint Venture

(This is to be read in conjunction with the preliminary annual report)

8. Accounting standards used by foreign entities

Canadian GAAP has been used for the annual reporting purposes

9. Qualification of audit / review

N/A

10. Annual Meeting

The proposed annual general meeting will be held as follows:

Place	Cruising Yacht Club of Australia New Beach Road, Darling Point Sydney
Date	16 December 2008 (to be confirmed)
Time	10:00AM
Approximate date the annual report will be available	14 November 2008

11. Compliance Statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to the ASX

Identify other standards used: Canadian GAAP

2 This report and the accounts upon which the report is based (if separate), use the same accounting policies

3 This report does give a true and fair view of the matters disclosed

4 This report is based on accounts to which one of the following applies:

	The accounts have been audited
√	The accounts are in the process of being audited or subject to review
	The accounts have been subject to review
	The accounts have not yet been audited or reviewed

5 If the audit report or review by the auditor is not attached, details of any any qualifications will follow immediately when they become available

6 The entity has a formally constituted audit committee

Signed:

Patrick Anthony Treasure
Chief Executive Officer
30 October 2008

METALS FINANCE CORP

Preliminary Annual Report

For the twelve months ended

31 August 2008

Contents

Consolidated Financial Statements
(Expressed in Canadian dollars)

Consolidated Balance Sheet	**31 August 2008 CAD**	**31 August 2007 CAD**
Assets		
Current assets:		
Cash and cash equivalents	11,894,796	582,424
Interest receivable	114,355	
Amounts receivable	227,052	89,511
Prepaid expenses and advances	10,089	167,205
	12,246,292	839,140
Due from joint venture partners	67,384	86,761
Investment	22,108	37,000
Plant and equipment	757,880	159,238
Deferred development costs	2,917,738	127,744
	16,011,402	**1,249,883**
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities	934,487	381,531
Deferred revenue	24,127	8,244
Due to shareholder	-	500,000
	958,614	889,775
Due to joint venture partners	546,163	569,104
Convertible notes	1,438,170	-
Lease obligation	39,447	-
Shareholders' equity:		
Equity component of convertible note	1,861,948	-
Share capital	18,567,171	3,472,745
Contributed surplus	68,000	68,000
Deficit	(7,468,111)	(3,749,741)
	14,943,436	(208,996)
	16,011,402	**1,249,883**

See accompanying notes to consolidated financial statements.

Consolidated Financial Statements
(Expressed in Canadian dollars)

Consolidated Income Statement	31 August 2008 CAD	31 August 2007 CAD
Revenue:		
Consulting	310,825	201,246
Expenses:		
Palabora Project	-	508,676
Santa Rosalia Project	88,818	146,587
Lucky Break Project	-	439,185
Other Projects	251,891	333,690
General administrative and overhead costs	4,902,018	1,576,224
Loss (gain) on foreign exchange	(907,691)	(37,829)
	4,335,036	2,966,533
Income (Loss) from operations	(4,024,211)	(2,765,287)
Interest on long term debt	(599,151)	-
Other income:		
Interest	871,884	38,945
Gain on Investment	5,229	-
Rental	48,000	33,800
	925,113	72,745
Loss and comprehensive loss for the period	(3,698,249)	(2,692,542)
Adoption of financial instruments standard-held for trading Investment	(20,121)	-
Deficit, beginning of period	(3,749,741)	(1,057,199)
Deficit, end of period	**(7,468,111)**	**(3,749,741)**
Loss per weighted average share Basic and diluted	(0.06)	(0.10)
Weighted average number of common shares outstanding	61,818,620	25,914,480

See accompanying notes to consolidated financial statements.

Consolidated Financial Statements
(Expressed in Canadian dollars)

Consolidated Cash Flow Statement	31 August 2008 CAD	31 August 2007 CAD
Cash provided by (used in):		
Operating activities:		
Income for the period	(3,698,249)	(2,692,542)
Items not involving cash:		
Amortization, an item not involving cash	140,586	86,637
Investment write down	14,892	-
Unrealized foreign exchange loss on convertible notes	28,264	-
Accretion of convertible notes	298,083	-
Stock-based compensation – options	-	68,000
Stock-based compensation – common shares	-	136,029
Change in non-cash operating assets and liabilities:		
Amounts receivable	(137,541)	(62,281)
Interest receivable	(114,355)	
Prepaid expenses and advances	157,116	(156,793)
Accounts payable and accrued liabilities	552,956	185,864
Deferred revenue	15,883	(48,589)
Net cash used in operating activities	(2,742,365)	(2,483,675)
Investing activities:		
Plant and equipment	(739,228)	(72,605)
Short-term investments	-	37,153
Deferred development costs	(2,789,994)	(127,744)
Due to joint venture partners	(22,941)	569,104
Due from joint venture partners	19,377	(86,761)
	(3,532,786)	319,147
Financing activities:		
Due to shareholder	(500,000)	440,763
Issuance of common stock for cash, net of share issue costs	15,094,426	1,956,103
Issuance of convertible loan	3,045,000	-
Debt finance fees	(91,350)	-
Lease obligation	39,447	
	17,587,523	2,396,866
Increase (decrease) in cash	11,312,372	232,338
Cash, beginning of period	582,424	350,086
Cash, end of period	**11,894,796**	**582,424**

See accompanying notes to consolidated financial statements.

1 Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Metals Finance Australia Pty. Ltd., from its date of incorporation on May 12, 2006, as well as joint venture interests in Canada and South Africa.

The Met-Solve Laboratories Inc. ("Met-Solve") joint venture is accounted for using the proportionate consolidation method whereby the Company's proportionate share of the assets, liabilities and the related revenues and expenses are included in the financial statements.

The following joint ventures have been determined to be variable interest entities and are therefore fully consolidated:

Metals Finance Africa (Pty) Ltd. ("MFA")
PMC Muva Joint Venture ("Palabora Project")
Santa Rosalia Joint Venture ("Santa Rosalia Project)
Lucky Break Joint Venture ("Lucky Break Project")
WMS Metals Finance Joint Venture

All intercompany balances and transactions are eliminated on consolidation.

These interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of these interim consolidated financial statements is based on accounting principles and practices consistent with those in the preparation of the Company's annual financial statements except as noted in note 2(b). Certain information and footnote disclosure normally included annual financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted.

(b) Adoption of new accounting standards:

(i) Accounting changes:

Effective September 1, 2007, the Company has adopted CICA Handbook Section 1506, Accounting Changes which requires that: (1) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (2) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (3) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

(ii) Financial instruments:

Effective September 1, 2007, the Company has adopted CICA Handbook Section 3855 *Financial Instruments – Recognition and Measurement,* Section 3861 *Financial Instruments – Disclosure and Presentation,* Section 3865 *Hedges,* and Section 1530 *Comprehensive Income* and Section 3251 *Equity.*

In accordance with these new standards, all financial assets, except those classified as held-to-maturity and loans and receivables, are measured at fair value. All financial liabilities are measured at fair value when they are classified as held-for-trading; otherwise, they are measured at amortized cost. Investments classified as available-for-sale are reported at fair value (or marked to market) based on quoted market prices with unrealized gains or losses recognized as other comprehensive income. These amounts will be reclassified from shareholders' equity to net income when realized. Those instruments classified as held-for-trading, have gains or losses included in earnings in the period in which they arise. The Company has classified its cash and cash equivalents and investment in options as held-for-trading and therefore measures them at fair value. This change in policy as it related to its investment in options resulted in an adjustment to increase the deficit as at September 1, 2007 by $20,121.

Section 1530 introduces comprehensive income, which consists of net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period from transactions and other events arising from non-owner sources and includes unrealized gains and losses on financial assets classified as available-for-sale.

Section 3865, *Hedges,* establishes standards for when and how hedge accounting may be applied. The Company has not designated any agreements as hedges.

(c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant balances requiring the use of estimates include the recoverability of amounts reported in amounts receivable, and the recoverability of deferred development costs. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period actual results are determined.

(d) Cash and cash equivalents:

Cash and cash equivalents consist of highly liquid short-term investments that are readily convertible to known amounts of cash and have maturities of three months or less when acquired. Cash equivalents are classified as held for trading and measured at fair value.

(e) Investment:

Effective September 1, 2007, the Company elected to treat the investment as held-for trading and is carried at fair values with changes in such value recognized in income. Prior to September 1st, 2007, the investment was carried at the fair value as of the investment date.

(f) Plant and equipment:

Property and equipment, computer and laboratory equipment are carried at cost less accumulated amortization. No depreciation is recognized for assets under development until they are available for use. The annual rates used to compute amortization are as follows:

Asset	Basis	Rate
Property and equipment	straight-line	2 years
Computer equipment	declining-balance	30%
Laboratory equipment	straight-line	7 years
Leasehold improvements	straight-line	lesser of useful life and term of lease

(g) Impairment of long-lived assets:

Long-lived assets, including plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(h) Foreign currency translation:

The functional currency of the Company and its subsidiary and foreign operations is the Canadian dollar. The Company's foreign operations are integrated. Monetary assets and liabilities denominated in a foreign currency of the Company and its integrated foreign subsidiaries are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates unless such items are carried at market, in which case they are translated at the exchange rates in effect on the balance sheet date. Revenue and expenses, except depreciation, are translated at the exchange rates in effect at the date of the transaction. Depreciation is translated at the same exchange rate as the assets to which it relates. Foreign currency gains and losses are recorded in the statement of operations as incurred.

(i) Development costs:

Development costs incurred prior to determination of the feasibility of mining operations and administrative expenditures are expensed as incurred. Exploration and development expenditures incurred subsequent to the determination of the feasibility of mining operations are deferred until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. These costs will be amortized over the estimated life of the property following commencement of commercial production using the units of production method, or written off if the property is sold, allowed to lapse or abandoned or when an impairment of value has occurred.

(j) Revenue recognition:

The Company recognizes revenue when earned as defined by the terms of the particular contract, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

Interest income is recognized on a time proportion basis regardless of when the interest is received.

Customer deposits received in advance of meeting the revenue recognition criteria are deferred.

(k) Loss per share:

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. For all periods presented, loss available to common shareholders equals the reported loss.

Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares issued and outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. For all periods presented, diluted loss per share is the same as basic loss per share since the effect of the outstanding options and warrants would be anti-dilutive.

(l) Asset retirement obligations:

The fair value of a liability for an asset retirement obligation, such as site reclamation costs, is recognized in the period in which it is incurred if a reasonable estimate of the fair value of the costs to be incurred can be made. The Company is required to record the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increase the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs will be amortized to expense over the life of the related assets using the unit-of-production method. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial fair value measurements (additional asset retirement costs). As the Company expenses exploration costs as incurred, asset retirement obligations recognized are also expensed as incurred. As at August 31, 2008 no asset retirement obligations exist.

(m) Stock-based compensation:

The Company has a stock-based compensation plan which is described in note 7(d). The Company accounts for all stock-based payments and awards under the fair value based method.

Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the vesting period of the award and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

Compensation cost attributable to awards to employees is measured at fair value at the grant date and recognized over the vesting period. Compensation cost attributable to awards to employees that call for settlement in cash or other assets is measured at intrinsic value and recognized over the vesting period. Changes in intrinsic value between the grant date and the measurement date result in a change in the measure of compensation cost. Compensation cost is generally recognized on a straight-line basis over the vesting period.

(n) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and losses carried forward. The resulting future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period in which the change in tax rate is enacted or substantively enacted. Future income tax assets are evaluated and, if realization is not considered “more likely than not”, a valuation allowance is provided.

(o) Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

(p) Recent Pronouncements:

(i) Capital disclosures:

CICA Handbook Section 1535, *Capital Disclosures*, requires additional disclosures about how a company manages its capital. Such information includes quantitative and qualitative disclosure about the Company’s objectives, policies and processes for managing capital, as well as summary quantitative data about what it manages as capital. The Company will also be required to disclose whether during the period it complied with externally imposed capital requirements and the consequences of non-compliance, if applicable. Such disclosures will be based on information provided internally by the Company’s key management personnel. The standard is effective for interim and annual periods beginning on or after October 1, 2007. The Company is evaluating the impact of the adoption of this Section on the disclosure in the financial statements.

(ii) Financial instruments – presentation:

Section 3863, *Financial Instruments – Presentation,* establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The standard is effective for interim and annual periods beginning on or after October 1, 2007. The Company is evaluating the impact of the adoption of this section on the presentation in our financial statements.

(iii) Financial instruments – disclosures:

Section 3862, *Financial Instruments – Disclosure,* requires additional quantitative and qualitative disclosures about an entity's financial assets and liabilities, and their associated risks. Such disclosures include the significance of financial instruments for an entity's financial position and performance and the nature and extent of risks arising from financial instruments. Specific disclosures include the criteria for designating the classification of different types of financial instruments and determining when impairment is recorded against the related financial asset or when an allowance is used. The standard is effective for interim and annual periods beginning on or after October 1, 2007. The Company is evaluating the impact of the adoption of this Section on the disclosure in the financial statements.

(iv) Inventories:

Section 3031, *Inventories,* establishes standards for the measurement and disclosure of inventory. It provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. The Section also provides guidance on the cost formulas that are used to assign costs to inventories. This standard is effective for interim and annual financial statements beginning on January 1, 2008. The Company is evaluating the impact of the adoption of this Section on the financial statements.

(v) International Financial Reporting Standards (IFRS):

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies, The AcSB strategic plan outlines convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.