

Appendix 4C

Quarterly report for entities admitted on the basis of commitments in Australian Dollar

Name of entity

Metals Finance Limited

ABN

127 131 604

Quarter ended ("current quarter")

28 February 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (6 months)
		A\$' 000	A\$' 000
1.1	Receipts from customers	63	188
1.2	Payments for (a)staff costs	(283)	(592)
	(b)advertising and marketing	-	-
	(c)research and development	(48)	446
	(d)leased assets	(4)	(8)
	(e)other working capital	(224)	(658)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	66	139
1.5	Interest and other costs of finance paid	(109)	(218)
1.6	Income taxes paid	-	-
1.7	Other (see details on separate sheet)	-	-
Net operating cash flows		(538)	(702)

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	Curent quarter A\$' 000	Year to date (6 months) A\$'000
1.8 Net operating cash flows (carried forward)	(538)	(702)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	(1,105)	(1,105)
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	(1,105)	(1,105)
Net investing cash flows		
1.14 Total operating and investing cash flows	(1,643)	(1,807)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
	-	-
Net financing cash flows		
Net increase (decrease) in cash held	(1,643)	(1,807)
1.21 Cash at beginning of quarter/year to date	8,117	8,281
1.22 Exchange rate adjustments to item	-	-
1.23 Cash at end of quarter	6,474	6,474

Payments to directors of the entity and associates of the directors

		Current quarter A\$'000
1.24	Aggregate amount of payments to the parties included in item 1.2	222

Payments to related entities of the entity and associates of the related entities

		Current quarter A\$'000
1.25	Aggregate amount of loans to the parties included in item 1.11	-

- 1.26 Explanation necessary for an understanding of the transactions

The amount in 1.2(c) for research and development reflects receipts of government grants against expenditure for prior years.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

No material changes in the quarter.

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available A\$'000	Amount used A\$'000
3.1 Loan facilities	3,500	3,500
.2 Credit standby arrangements	n/a	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter A\$'000	Previous quarter A\$'000
4.1	Cash on hand and at bank	310	1,971
4.2	Deposits at call	6,164	6,146
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		6,474	8,117

Acquisitions and disposals of business entities (see note on page 6)

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	Not applicable
5.2	Place of incorporation or registration	Canada
5.3	Consideration for Acquisition or disposal	\$1.06 (Total consideration)
5.4	Total net liabilities	\$136,573
5.5	Nature of business	Mineral and metallurgical testing facility

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date:
(Director)

31 March 2010

Print name: **P.A. Treasure**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

Additional Notes with reference to specific items in this report:

3.1 Loan facilities

In October 2007, the entity issued convertible notes totaling A\$ 3,500,000. The notes have a term of three years, bear interest at 12% per annum, payable quarterly and are secured by a subordinated fixed and floating charge over the assets of the entity. The Note holders can convert the notes 180 days after issuance and prior to maturity to common shares of the entity at A\$0.50 per common share. The notes are redeemable by the entity, in multiples of A\$500,000, within 12 months from the date of issue. Upon conversion by the Note holder or redemption by the entity, the entity will issue to the Note holder one common share option for each A\$0.50 of the loan amount converted or redeemed, exercisable to purchase one additional common share of the entity for two years at A\$0.50 per share. The convertible notes are maturing on 16 October 2010.

Acquisitions and disposals of business entities

The Company announced on 18 January 2010 that it has completed the sale of its interest in the Met Solve testing laboratory in Vancouver, Canada. As disclosed in the Company's annual report dated 17 November 2009, an agreement was reached during the second half of 2009 with the Company's partner in the facility (Falcon Concentrators Inc.), subject to completion of appropriate documentation, to assume 100% ownership of the laboratory. That process has now been completed and Metals Finance has transferred its 50% interest in Met-Solve to Falcon, in return for payment equivalent to 20% of the laboratory's net profit before tax until such time as loan funds previously advanced by Metals Finance have been recouped. This transaction completes the transitioning of Metals Finance Limited to Australia, allowing the Company to focus its activities on the development of our Australian and South African projects.