

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Metals Finance Limited

ABN

83 127 131 604

Quarter ended ("current quarter")

28 February 2011

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	24	99
1.2 Payments for		
(a)staff costs	(331)	(628)
(b)advertising and marketing	-	-
(c)research and development	(78)	(120)
(d)leased assets	(4)	(8)
(e)other working capital	(150)	(437)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	66
1.5 Interest and other costs of finance paid	-	(214)
1.6 Income taxes paid	-	-
1.7 Other (see details on separate sheet)	-	-
Net operating cash flows	(532)	(1,242)

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		Curent quarter	Year to date (6 months)
		A\$' 000	A\$'000
1.8	Net operating cash flows (carried forward)	(532)	(1,242)
Cash flows related to investing activities			
1.9	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	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	5,121	5,121
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	717	717
		5,838	5,838
	Net investing cash flows		
1.14	Total operating and investing cash flows	5,306	4,596
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	-	(3,500)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
		-	(3,500)
	Net financing cash flows		
	Net increase (decrease) in cash held	5,306	1,096
1.21	Cash at beginning of quarter/year to date	1,125	5,335
1.22	Exchange rate adjustments to item	-	-
1.23	Cash at end of quarter	6,431	6,431

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	136

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 amounts in 1.5 and 1.18 relate to the repayment of the convertible notes which matured on 16 October 2010. The repayment of the convertible notes liability to the value of \$3,500,000 plus an interest portion of \$107,700 and finance raising fee of \$105,000, all of which were paid out of existing cash reserves. None of the convertible notes were converted to shares and consequently all related options attached to the notes lapsed in accordance with the terms of the note agreements

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	n/a	-
.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	6,431	201
4.2 Deposits on call/term deposit	-	924
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	6,431	1,125

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	Not applicable	Not applicable
5.2 Place of incorporation or registration	-	-
5.3 Consideration for Acquisition or disposal	-	-
5.4 Total net liabilities	-	-
5.5 Nature of business	-	-

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: **22 March 2011**
(Director)
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:

Cash flows related to investing activities

- 1.10 and 1.13 - As disclosed to the market on 6 December 2010, Metals Finance sold its Palabora Nickel Sulphate Plant facility. Proceeds from this sale were received on 24 February 2011 and totaled \$5,838K. This amount includes \$717K for Value Added Tax (VAT), which is payable in the next quarter to the South African Revenue Service. Of the cash balance reflected in note 4.1, \$4,800K was placed on term deposit in March 2011.