



METALS FINANCE CORP

SPECIALISTS IN METAL RECOVERY

16 December 2008

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sirs

CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING

Of necessity my Chairman's address today will be brief, as I have only been in the job for five minutes.

However let me first acknowledge Bayne Boyes, your Company's initial Chairman, who guided the Company through its first year as a listed Company.

Bayne isn't with us today and as he is not standing for re-election, will retire as a Director at the conclusion of this meeting. Thank you Bayne.

With a market capitalisation of around A\$7 million, Metals Finance is hardly a rival to BHP, and our share price performance has been disappointing, along with most listed other junior companies.

Although I can report that last week we outperformed the S&P ASX 200 by 27.14%.

The important point however, that I'd like to make is that we are in an excellent position to take advantage of the current difficult trading environment as:

- We have over A\$10 million in cash
- Have over A\$2 million in Bass Metals Ltd as a strategic listed investment
- Have a 50% economic interest in the Palabora nickel recovery project which should return us A\$4 - A\$5 million over the next 3 to 4 years
- Have another 4 to 5 projects and investment opportunities under consideration

In August this year we took the difficult decision to downsize our operations and cut our costs as we foresaw difficult financial times commencing. This close down will save your Company between A\$750,000 - A\$1 million per annum.

We have a small but active management team headed by Tony Treasure and we are focussed, not only on ensuring we achieve above average returns to shareholders, but that we take advantage of attractive investment opportunities as they emerge, so as to enhance our future profitability and operating base.

Whilst I personally think 2009 could turn out to be a difficult year for most junior miners, I am confident that Metals Finance will not only survive which many won't, but will prosper.

I look forward to reporting further progress during the year ahead.

G.G Hill
Chairman

