METALS PLUS INCOME CORP.

Second Quarter 2012

Inception Date: February 18, 2011
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
TSX Symbol: MPI

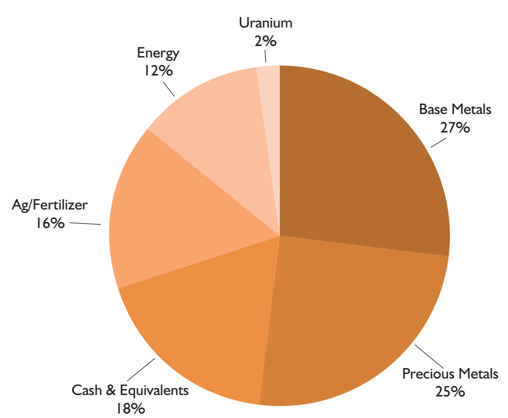
METALS PLUS INCOME CORP.

The company invests in publicly listed metals and materials companies, including those primarily engaged in the discovery, development or processing of raw materials. This includes the mining and refining of precious metals, base metals, fertilizers and related agri-chemicals and uranium.

TOP TEN HOLDINGS as at June 30, 2012

- Agrium Inc.
- BHP Billiton Ltd.
- Canadian Natural Resources Ltd.
- CF Industries Holdings Inc.
- Freeport-McMoran Copper & Gold
- Potash Corp of Saskatchewan
- Rio Tinto PLC
- Teck Resources Ltd.
- Walter Energy Inc.
- Yamana Gold Inc.

PORTFOLIO ALLOCATION as at June 30, 2012



INVESTMENT OBJECTIVES

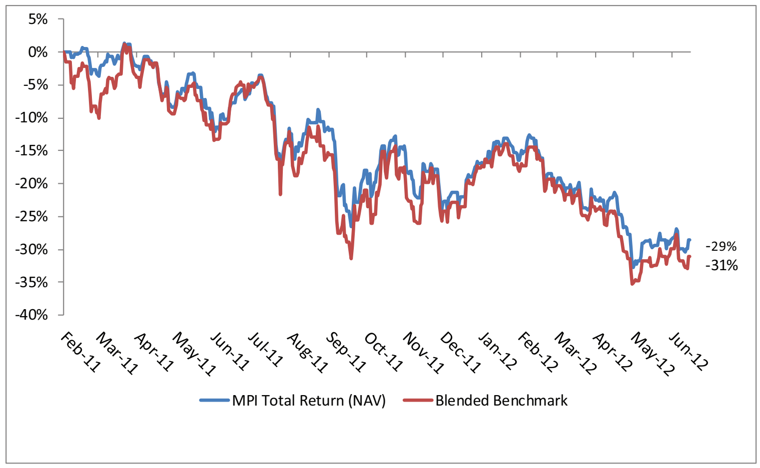
The Company's investment objectives are to provide shareholders with: (i) monthly distributions targeted to yield 6% per annum or $0.05 per month based on the issue price of $10.00 per Share; and (ii) the opportunity for capital appreciation. The distribution rate is 10.20% based on market price as at June 30, 2012.

OPTION WRITING

Our Manager believes that option writing has the potential to add value in certain sectors that have sustained volatility. Mining and Materials equities, which have historically maintained a high degree of volatility, are well suited to an option writing strategy. The sustained volatility in these sectors allow the option writer the potential to generate significant premium income. In addition, an option writing strategy is an effective way to help lower the level of volatility for an investor, and potentially improve returns.

PAST PERFORMANCE

The following chart provides the returns since inception of the fund relative to its benchmark ending June 30, 2012.



Source: Bloomberg. Data is based on NAV (net asset value) and includes distributions.

The Benchmark for the Fund is an equally weighted blend of three indices:

The S&P TSX Materials Index, which covers senior and intermediate global mining and agricultural/chemical companies, primarily listed on the TSX. During the quarter, it generated a return of -10.99% and YTD it produced a total return of -10.90%.

The S&P TSX Diversified Mining and Metals Index, which focuses on junior and intermediate mining companies listed on the TSX. During the quarter, it generated a return of -16.31% and YTD it produced a total return of -19.07%.

The S&P Materials Index, whose constituents include the largest global commodity producers. During the quarter, it generated a return of -8.61% and YTD it produced a total return of -0.86%.

FAIRCOURT *Asset Management Inc.*
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Management fees and expenses are associated with an investment in the fund. The performance data provided assumes reinvestment of distribution only and does not take into account redemption charges or income taxes payable by any security holder that would have reduced returns. An investment in the fund is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer. There can be no assurance that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated.

METALS PLUS INCOME CORP.

FAIRCOURT
Asset Management Inc.

Metals Plus Income Corp: March 2012 Update

Equity values retreated in the early part of the quarter and continued to move lower as increased fears of European Sovereign debt contagion spread throughout the capital markets. Political changes resulting from national elections in France and Greece brought new governments to power that supported increased assistance and flexibility on the terms of austerity imposed by northern European leaders led by Germany. A significant change was the removal of Nicolas Sarkozy as the President of France, co-leader of the austerity measures put in place by Chancellor Angela Merkel of Germany. Efforts to enforce austerity on the weaker countries within the EU changed abruptly with Sarkozy's departure.

In early May, elections in Greece provided the next challenge towards change as a deadlock on the leadership of that country arose with no single party being able to form a national government. The resulting leadership changes have reformulated the approach in Europe to one of increased accommodation and less stringent austerity with a greater focus on employment and economic growth. The quarter ended with renewed enthusiasm as the EU announced new support that will enable the ECB and EFSF to directly assist troubled banks.

In the United States, positive first quarter economic growth began to show signs of weakness in the Spring as jobless claims rose, and weak housing market data resurfaced to illustrate the US was not on the stable footing once announced by market analysts. Despite jobs growth in smaller employers, and lower oil prices which directly affect consumer confidence, market watchers still believe in further Fed action. To this point, Operation Twist which the Fed employs to maintain accommodative interest rates has been extended six months, however no major new stimulus has been announced in the US. In our opinion, this extension without further stimulus is more indicative of the Fed wanting to stay out of the presidential elections in the fall than it is confidence in the economic strength of the US. It is our belief that the Fed would prefer to have more time to gauge jobs growth and the housing market once election season is over. At that time, we would not be surprised to see the Fed announce further stimulus to assist a weakened US economy.

Despite the challenging political and economic conditions prevalent throughout the first half of 2012, commodity prices had only modest changes in price, suggesting that underlying demand was not as weak as was feared by investors. During the first half of 2012, copper prices increased 1.12%, while iron ore declined only 3.25%. Mining and materials equities however, are pricing substantial declines from current metals prices.

Since the fund was launched in early 2011, the focus of the fund is to gain exposure to emerging markets growth through the global materials sector that is providing the infrastructure and raw materials that fuels the growth in China and other emerging economies. Over the last 6 months, macro economic data in China continued to be positive yet showed signs of reduced production growth. Despite industrial production growth of 9.3% y/y in March and retail sales growth of 14.1% y/y in December 2011 markets continued to focus on the slower trajectory and the potential of a hard landing in the Chinese economy.

In early June, weaker macro economic data initiated a response from the Chinese government that involved stimulus in key industrial sectors as well as fiscal adjustments to induce lending and more accommodation in the banking sector. We have now seen the announcement of two major steel plants and a port project being approved, a $23 billion infrastructure plan approved for increased rail transit, as well as a plan to revive the cash for clunkers program which in 2009 spurred US$7 billion in new car purchases. While recent data from China has continued to be weak, we believe that these changes mark the beginning of a significant policy response by the Chinese government that will produce a re-acceleration in the commodities complex and many of the companies that serve these markets.

To provide investors with exposure to the emerging markets infrastructure build out, the core of our portfolio strategy involves investment in select large capitalization global commodity producers.

Core positions in the fund include companies like BHP Billiton, Vale, Teck Resources, Rio Tinto and Goldcorp, all profitable, large capitalization companies, with strong balance sheets. Earnings and cash flows from many of the global mining companies that form the core of our portfolio have grown impressively, and their financial strength continues to improve through cash flow retention and long term debt reductions.

The fund will continue to take advantage of the increased volatility to generate additional premium income from its option writing program, in response to the market realities discussed. Our pro active options strategy is designed to reduce volatility and generate stable monthly distributions. Since inception February 2011, we have generated over $3.31 million or $0.873 per share in option premium vs. $0.75/share paid out in distributions to June 30th.