METALS PLUS INCOME CORP.

Fourth Quarter 2012

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

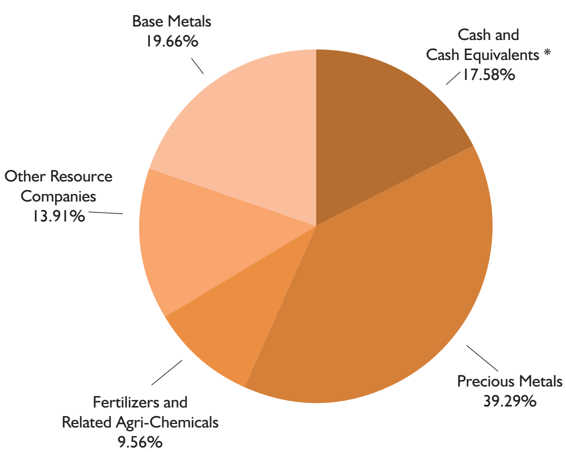
METALS PLUS INCOME CORP.

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 December 31, 2012

- Agrium Inc.
- BHP Billiton Ltd.
- CF Industries Holdings Inc.
- Freeport-McMoran Copper & Gold
- Goldcorp Inc.
- IAMGOLD Corporation
- Mag Silver Corp.
- New Gold Inc.
- Osisko Mining Corp.
- Rio Tinto PLC

PORTFOLIO ALLOCATION as at December 31, 2012



INVESTMENT OBJECTIVES

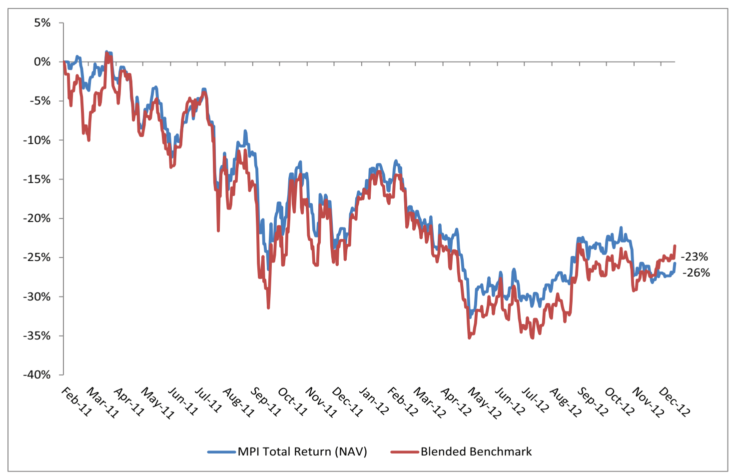
The Company's investment objectives are to provide shareholders with: (i) monthly distributions targeted to yield 6% per annum or $0.05 per month based on the issue price of $10.00 per Share; and (ii) the opportunity for capital appreciation. The distribution rate is 10.7% based on market price as at December 31, 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 December 31, 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 (6.9%) and for the year it produced a total return of (6.2%).

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 13.1% and for the year it produced a total return of (5.2%).

The S&P Materials Index, whose constituents include the largest global commodity producers. During the quarter, it generated a return of 6.3% and YTD it produced a total return of 11.6%.

FAIRCOURT *Asset Management Inc.*
141 Adelaide St. West, Suite 1402, Toronto, Ontario, M5H 3L5 416.364.8989 Toll Free: 1.800.831.0304 Fax: 416.360.3466 www.faircourtassetmgt.com

METALS PLUS INCOME CORP.

FAIRCOURT Asset Management Inc.

Metals Plus Income Corp: December 2012 Update

The fourth quarter began with investors focused on the diminishing effects of stimulus measures announced in September; the prospects of solving Fiscal Cliff issues and the potential outcomes of the US presidential election. On the heels of the US Fed's announcement in September to increase Fed buying of mortgage backed securities at a rate of $40 billion per month, market participants were disappointed to see that the third time is not a charm. The stimulative effects of Fed buying programs have had less traction with each subsequent maneuver. Equity markets had only temporary investor support and by the end of October, renewed concerns over the long term effects of the U.S. fiscal situation were again weighing on investors.

After the US presidential election was decided in favour of President Obama, we witnessed an initial sell off as concerns arose about the state of the negotiations between Republicans and Democrats and whether a deal could be worked out on the Bush Tax cuts that were expiring at year end as well as automatic across the board spending cuts that would be enacted unless an agreement could be reached. In addition to the issues causing concern in North America, there were several global macroeconomic concerns facing equity markets including leadership changes in China, and continued negotiations in Europe to save the Euro, all leading to more cautious overtones for investors.

An initial agreement to resolve specific Fiscal Cliff issues related to tax rates was reached during a "last minute" negotiating session at year-end. However, the deal is narrow and does not address the debt ceiling increase that Congress must approve. . Many analysts suggest that investors have become complacent about these significant fiscal challenges as witnessed by the historically low volatility index (VIX) present in the market. We believe that low volatility is unlikely to last for long as concerns grow about implications of the debt ceiling issue not being resolved including a possible downgrade of US debt.

The continuing challenge is that aggressive fiscal policy responses prove counterproductive to GDP growth causing the US Federal Reserve to keep monetary easing going well past 2014, and as a result, we anticipate upside in risk assets such as commodities and consumer cyclicals.

As lawmakers continue to debate how to re-ignite the US economy, macro indicators support the view that China's growth cycle troughed in the summer and is now poised for sustainable growth. Power generation and freight volume growth accelerated modestly in Q4 however most indicators are not back to the robust growth levels of 2006-2008. The leadership changes that took place in China during the quarter have the potential for longer term effects than the more typical short term market reactions which arise after most elections. The transition of power which takes place only once a decade has significant implications for China's standing in the global economy of the future. The new leadership is focused on stimulus in measured ways, ensuring continued growth in infrastructure as increased urbanization continues.

Under its new leadership, we believe that base metals and energy demand is re-awakening, as witnessed in October by China's export rise at the fastest pace in five months and industrial output and retail sales exceeded forecasts. Falling commodity prices hide some of the domestic turnaround taking place. One key illustration is that iron ore imports for 10 months to October of 2012 were up 9% in volume while prices slumped 20%. More recently, iron ore has seen a significant rebound in pricing as the excess inventory has been reduced.

Unemployment rates in neighbouring emerging markets in Asia have been reduced since the financial crisis in 2008 and fiscal stimulus measures as a percentage of GDP is still a very modest at 2.4% of GDP on average. With debt to GDP levels well below the advanced "G20 countries" many emerging economies have flexibility to stimulate should new shocks to the system appear.

Commodity Strategy:

We believe that the outlook for industrial metals for 2013 has improved after a challenging 2012. Copper has been resilient during 2012, and supplies remain tight. In addition, new supplies have generally been slower than expected in coming on stream. Iron ore has had a strong rebound from its lows in September. Overall, we see markets for industrial metals continuing to firm through 2013 based primarily on higher economic activity in China. The large cap diversified equities such as RIO Tinto, BHP and Teck Resources are trading at attractive valuations, and they continue to have strong balance sheets.

As physical gold completed its 12 year run of positive returns, the returns for gold equities continue to lag the precious metal. In a year when physical gold returns were positive, the S&P/TSX Gold Index was down 15% for the year, while the Amex HUI Gold Bugs Index was down more than 11%. By most measures, gold companies are selling at some of the biggest discounts to gold prices in many years. We believe that markets are focusing on equity risk at the expense of the growing cash flows, earnings and dividends that are being generated by many of the large producers in the precious metals space. We believe that the macro environment of high government debt and continued "easy money" policies from central banks in the G 20 will support higher gold prices in 2013. We therefore anticipate maintaining a significant allocation to gold equities such asYamana and Goldcorp, as they continue to look attractive offering solid growth at reasonable valuations.

Key trends in global agriculture markets during 2012 supported our overall approach in the Fund. While acknowledging that prices for many agriculture commodities peaked during 2011, supply and demand fundamentals still favor a significant weighting in the fertilizer and agri-business sector. In 2012 fundamentals for the sector remained strong, particularly for nitrogen based producers which benefitted from the low gas price environment (the primary input cost for nitrogen). Our overweight position in Agrium (primarily nitrogen) and CF Industries (primarily nitrogen) relative to Potash (primarily potash) and Mosaic (primarily phosphate and potash) led to a strong outperformance in the sector. Our investment in Viterra, which was acquired during the year by a group led by Glencore, also benefitted the fund. This led to a holding period return for our Viterra holding of greater than 35%. While further consolidation amongst the majors is not anticipated, some of the intermediate producers and mid cap names could be in play in the right pricing environment. As such, we continue to monitor opportunities.

We are sticking with Agrium and CF Industries as our top agriculture picks in the short term, but we are strategically allocating more capital to other equities as the outlook for commodity prices improves in addition to analyzing other names that may be mispriced. For instance, we acknowledge the opportunity in potash as near term uncertainties behind China and India contracts get resolved and historical volumes return with relatively inexpensive equity pricing for some phosphate producers. Volumes and pricing in the potash and phosphate markets appear to be stabilizing as we move into 2013.

We are more cautious on oil, as continued modest global growth and generally decreasing oil intensity (the degree to which oil demand grows with GDP) dampens the growth in oil demand. Additionally, with the U.S. showing oil production growth of 850 million barrels/day in 2012, and is expected to exceed that growth in 2013, we believe the oil market will remain well supplied. Opportunities still exist, however, we will look for producers that show production and cash flow growth.

The fund will continue to invest a diversified basket of materials companies while using its option writing program to lower the fund's volatility and generate a monthly income stream. In order to generate additional returns and reduce risk, the Fund may write covered calls on securities held in the portfolio and cash secured put options on securities desired to be held in the portfolio. Moderately high volatility, as measured by the VIX index, or the Chicago Board Options Exchange Volatility Index, which measures the implied volatility of the S&P 500 index options, provided attractive opportunities for the Fund to both reduce the volatility of the portfolio and allowed the Fund to generate cash flow from option writing of approximately $2.23million, or $0.61 per weighted average number of shares outstanding during the year ended December 31, 2012. Although volatility has returned to more normalized market levels, the Manager continues to believe that option writing can add incremental value going forward.