METALS PLUS INCOME CORP.

Fourth Quarter 2013

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

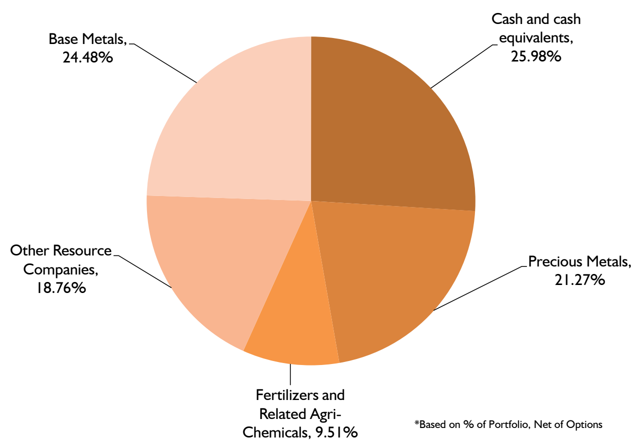
METALS PLUS INCOME CORP.

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, 2013

- Freeport-McMoran Copper & Gold
- Badger Daylighting Ltd
- Rio Tinto PLC
- Agrium Inc.
- Franco-Nevada Corp
- BHP Billiton Ltd
- Silver Wheaton Corp
- Cenovus Energy Inc
- Teck Resources Ltd
- Black Diamond Group Limited

PORTFOLIO ALLOCATION as at December 31, 2013



*Based on % of Portfolio, Net of Options

INVESTMENT OBJECTIVES

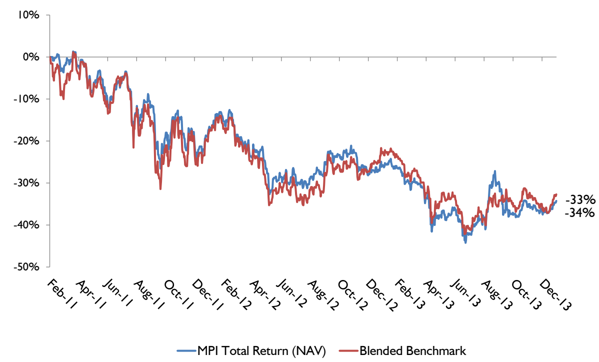
The Company's investment objectives are to provide shareholders with: (i) monthly distributions targeted to yield 6% per annum or $0.05 per month based on the issue price of $10.00 per Share; and (ii) the opportunity for capital appreciation. The distribution rate is 13.82% based on market price as at December 31, 2013. Subsequent to year end, the distribution was adjusted to $0.03/mo.

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, 2013.



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 -8.49% and for the year was down -29.28%.

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 .08% and for the year was down -20.35%.

The S&P Global Materials Index, whose constituents include the largest global commodity producers. During the quarter, it generated a return of 21.25% and for the year was 2.18%.

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 2013 Update

Of all sub-indexes on North American exchanges, metals and mining indexes suffered the most in 2013 as a multitude of factors caused investors to reallocate equity portfolios to better performing sectors, leaving metals names underweight at the end of 2013. From a macro perspective, the slowdown in demand for metals and materials in Emerging Markets has been a primary contributor to lower metals and mining equity values.

Emerging Markets have been in a slowdown phase dating back almost two years as they deal with both domestic consumption challenges as well as that of constrained export markets in developed economies such as the U.S. and Europe. In 2013, key Emerging Markets such as Russia witnessed a GDP reduction from 3.4% to 1.2%, according to data from the IMF. China's GDP growth rate contracted .1% year over year to 7.6%, down from 9.3% two years ago. In December, China's official Purchasing Managers Index published by the National Bureau of Statistics dipped to 51, where 50 is the dividing line between expansion vs contraction. China's growth rate of 7.6% in 2013 was the country's weakest growth rate since 1999.

However, as we look past this slowdown in China and out over the short to medium term, we believe that commodity consumption will be supported by rising household incomes, continued urbanization and domestic consumption that should have a positive impact on metals.

A key factor outside Emerging Markets that has contributed to the two-year weakness for base metals is the slower than expected economic recovery that has been taking place in the U.S. The US economy continued to take strides towards greater employment, increased manufacturing and a sustained housing recovery, providing increased confidence for consumers, however those positive outcomes occurred in the second half of 2013 and are only beginning to provide those positive ripple effects. Manufacturing makes up 12% of the US economy and has been expanding as automobiles, construction materials and appliances are all growing in demand. Now that consumer confidence has increased and housing is slowly recovering, the next important step in the recovery is capital expenditures in plant and equipment.

As that phase of the recovery takes hold, we believe that demand for metals will solidify. We have already seen improvements for certain commodities. The price of copper is slowly rising which is a good sign. We take this as a welcome first step as the metal is often referred to as having a Ph.D in Economics, historically helping economists and forecasters with the direction of markets. As a result, we believe that 2014 will be a better year for equity values in the metals and mining sector. A return to growth in Europe, and an acceleration in the US should go a long way to restoring export momentum in emerging markets. For its part China already looks to be on a much firmer path judging by an acceleration in its raw materials imports, the most critical indicator for many Canadian mining companies.

MPI is a diversified metals and materials fund. The portfolio is composed of companies in precious and base metals, agricultural chemicals, energy and other materials. Underlying the funds premise is our belief that over time, demand for materials will expand significantly due to economic growth in emerging markets, such as China, Brazil, India, South Korea and Russia amongst others.

An important distinguishing feature of the fund is that it pays a monthly distribution generated through a combination of option writing and distributions received on its equity holdings, options premiums being the larger component. Our options strategy supplements the dividend stream and allows the Fund to pay monthly distributions while options can also make money for the fund during stable periods in the materials market.

In order to generate additional returns and to reduce risk, the manager writes covered call options on securities held in the portfolio and cash secured put options on securities desired to be held in the portfolio. Writing a call option tends to decrease the Fund's exposure to the underlying instrument. Writing put options tends to increase the Fund's exposure to the underlying instrument.

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. During the quarter ended December 31, 2013, the Company declared three regular monthly distributions totaling $0.15 per Class A Share.

The NAV of the Class A Shares, combined with paid distributions during the quarter ended December 31, 2013, provided a total return for holders of Class A Shares of +4.7% compared to the blended benchmark of +2.04% over this same period.

The Fund generated cash flow from option premium of approximately $1,900,000 or $0.60 per weighted average number of class A Shares outstanding during the year ended December 31, 2013. Cash received from option writing (puts and calls) since inception of the Fund (February 18, 2011) amounts to approximately $6.21 million or $1.76 per average share issued and outstanding. Distributions paid to date amounted to $5.96 million or $1.69 per average share issued and outstanding.