METALS Plus INCOME CORP.

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FAIRCOURT Asset Management Inc.

Third Quarter 2014

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

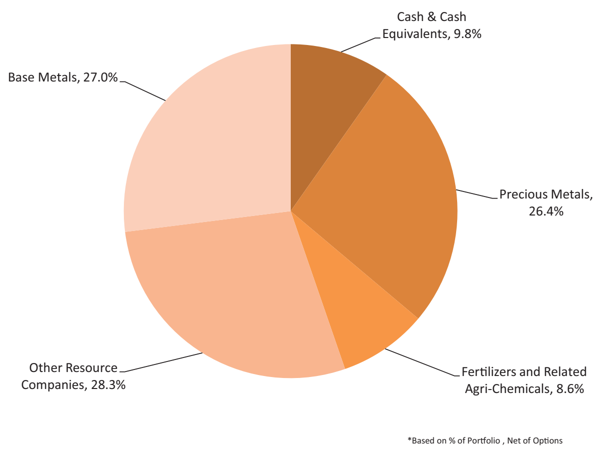
METALS PLUS INCOME CORP.

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 September 30, 2014

- Agnico Eagle Mines Ltd.
- Agrium Inc.
- BHP Billiton Ltd.
- Crescent Point Energy Corp.
- Detour Gold Corp.
- Eldorado Gold Corp.
- First Quantum Minerals Ltd.
- Freeport-McMoran Copper & Gold Inc.
- Rio Tinto PLC
- West Fraser Timber Co.

PORTFOLIO ALLOCATION as at September 30, 2014



*Based on % of Portfolio, Net of Options

INVESTMENT OBJECTIVES

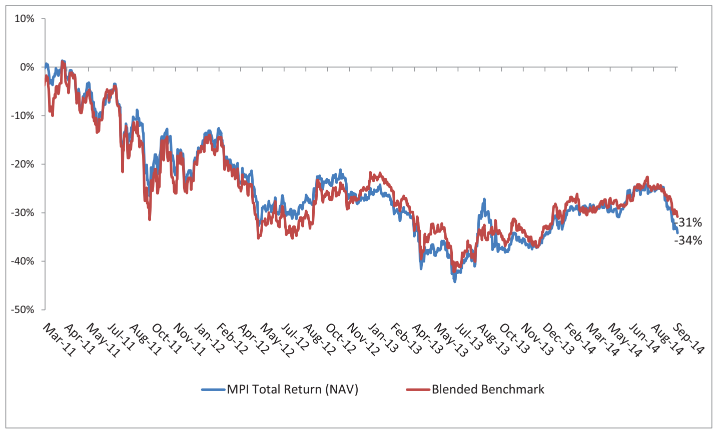
The Company's investment objectives are to provide shareholders with: (i) monthly distributions targeted to yield 6% per annum or $0.05 per month based on the issue price of $10.00 per Share; and (ii) the opportunity for capital appreciation. Subsequent to year end, the distribution was adjusted to $0.03 per month. The distribution rate is 8.37% based on market price as at September 30, 2014.

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 September 30, 2014.



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. Year to date, it generated a return of 4.45%.

The S&P TSX Diversified Mining and Metals Index, which focuses on junior and intermediate mining companies listed on the TSX. Year to date, it generated a return of 1.42%.

The S&P Global Materials Index, whose constituents include the largest global commodity producers. Year to date, it generated a return of 2.56%.

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METALS PLUS INCOME CORP.

FAIRCOURT
Asset Management Inc.

Metals Plus Income Corp: September 2014 Update

The third quarter began with continued optimism that the US economy would be able to singlehandedly bring the global economy back to more stable footing. However what became clear as the third quarter progressed was that global trade continued to weaken both in Europe and China, leading to calls for increased stimulus in those regions while the US Fed continued to talk about ending quantitative easing and raising short term interest rates.

Gross Domestic Product (GDP) in China grew at 7.3% in the third quarter relative to the same quarter last year, resulting in a five year low for quarterly growth. The World Bank has cut China's growth forecast for the next three years with GDP this year pegged at 7.4% down from 7.6% estimated early this year. Chinese leadership is entering an uneasy period as the government has stated its desire to maintain annual growth at no less than 7.5%, so additional stimulus measures may be required. Premier Li Keqiang has announced a series of investment projects to combat slower growth, however the Chinese government finds itself wanting to reduce financial intervention at a time when the global economy may require an additional boost. The government wants to maintain a level of growth that avoids social disruptions, however they also want to avoid excessive credit growth.

Losses in the energy, utilities and industrial segments caused muted overall returns for the market. These sectors were weakened by slowing Chinese growth, weighing on commodity prices with the prospect of interest rising rates faster than expected, and the US dollar index hitting a four-year high. As a result Q3 saw weakness in many commodity related sectors such as energy, materials and precious metals.

Industrial metals prices have been negatively affected by slower growth in China and other emerging markets. Recent policy easing measures in China could provide support for domestic growth and therefore metal demand. Over the medium-term, however, this commodity segment is still going to need some time to complete some structural shifts away from investment led growth in China.

European economic data released during the third quarter showed that the European economy failed to grow in the second quarter. While expectations are for at least modest growth in the third quarter, many of the recent economic releases including measures of business confidence have been lower than expected. Questions about the ECB's course of action were answered during the quarter with its decision to institute a negative deposit rate in an effort to stave off deflationary pressures and incent investment in equities and the economy. In addition, government bond yields dropped in a number of peripheral European economies, designed to support equity markets. Economic news out of Germany hurt plans for progressive action by the ECB as the only strong economy within Europe announced weakened results, leading to market sell offs just after the quarter ended.

After a solid first half of the year, where gold rose 10.5%, gold had a more challenging third quarter, falling 9%, with gold related equities down 15%. US dollar strength, driven primarily by encouraging US economic data compared to persistent weakness in Europe, weighed on gold prices. Gold investors also faced the prospect of the end of the US Federal Reserve's bond buying program in October and the prospect of higher rates.

The energy sector is experiencing reduced demand concerns and a glut of inventory that along with the strong US dollar is leading to lows in energy prices that have not been seen for over two years. Our positioning in the energy segment has been reduced since the early part of the summer. The energy market appears to have moved into surplus while demand has been subdued particularly in Europe. The return of Libya exports to the market and greater supply from Saudi Arabia has led to an unexpected rise in production. At the same time, US production has continued to grow, while moderate economic growth has put a limit on energy demand.

A key concern for the market as the quarter ended was the pending exit from QE3 that had been previously suggested by the US Federal Reserve Chair. Janet Yellen has been confident in the resilient job market and continued strength in housing to suggest that the end of QE was near, along with the expectation of rising interest rates. Many market participants have suggested that despite the modestly positive US results, there are still many concerns facing the global economy that could slow the recovery, specifically lackluster economic growth in Europe and China. With export markets still challenged, US growth can only produce a certain amount of domestic led growth.

Overall, investors have flocked to the greenback as increased geopolitical tensions grew in the middle-east, unresolved issues on the Russia-Ukraine border continue to leave a cloud over Europe, and the European economy continues to produce meager returns despite the drastic monetary measures of the ECB. Unrest in the Middle East weighed on investor sentiment, as did the volatile situation in Ukraine. At the same time, data from Europe and China pointed to faltering economic growth.

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 leading developed markets as well as 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 flat periods in the materials market.

The materials sector had a challenging third quarter as negative returns were posted in both base and precious metals. Other sub sectors within the materials sector such as lumber and agric/chemicals fared better than metals, posting positive returns. The NAV of the Class A Shares combined with paid distributions year to date ending September 30, 2014, provided a total return of 0.18%, compared to the blended benchmark that generated a return of 2.81%.

In order to generate additional returns and reduce risk, the Company may write covered calls on securities held in the portfolio and cash secured put options on securities desired to be held in the portfolio. Writing a call options 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.

Lower overall market 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 select opportunities for the Fund to both reduce the volatility of the portfolio and allowed the Fund to generate cash flow from option premium of approximately $952,000 or $0.35 per weighted average number of class A Shares outstanding during the period ended September 30, 2014. During the period, the Company declared regular monthly distributions totaling $0.27 per class A Share. Cash received from option writing (puts and calls) since inception of the Fund February 18, 2011, amounts to approximately $7.16 million or $2.13 per average share issued and outstanding. Distributions paid to date amounted to $6.69 million or $1.99 per average share issued and outstanding.