



Metals Finance Limited

SPECIALISTS IN METAL RECOVERY

ASX RELEASE

Tuesday 30 September 2014

ASX CODE

MFC

CAPITAL STRUCTURE

Shares on Issue	73,109,576
52 Week High	\$ 0.021
52 Week Low	\$ 0.005
Share Price (29/09/14)	\$ 0.008

ABOUT

MFC applies the extensive experience of its executives, board and consultants to seek out resource investment opportunities that will add value to shareholders in the long term. MFC undertakes rigorous review and due diligence when assessing the value proposition of an investment. MFC is seeking to deliver a company changing acquisition for shareholder approval in 2014.

Board

Non-Executive Chairman – Geoff Hill
Non-Executive Director – Simon Bird
Non-Executive Director – Rick Anthon
Alternate Director – Matt Hill

Company Secretary

Ian Morgan

Management

Chief Executive Officer – Mark Sykes

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QUARTERLY REPORT FOR THE PERIOD TO

31 August 2014

Metals Finance Limited (ASX: MFC) is pleased to provide its Quarterly Activities Report for the three month period ended 31 August 2014.

SUMMARY

Since the end of the quarter for lodgement of the August quarterly report, Metals Finance has progressed activity towards finalising the transaction with Texas and Oklahoma Coal Co Limited (TOCC). The key activities concluded by the Company are:

- **Issuing a Notice of General Meeting for obtaining Shareholders' approvals and rescheduling to Tuesday 28 October 2014**

- **Updated Timetable**

- **Mandated Lead Manager to a Placement**

TOCC has progressed activity during the period. TOCC has:

- **Secured tenure over six (6) Coal Leases in British Columbia**
- **Finalised Stock Purchase Agreement**

MFC CORPORATE ACTIVITY

Issue of Notice of General Meeting

On 29 September 2014, Metals Finance issued a reschedule to the Notice of General Meeting (**NOM**). The NOM contains five resolutions the Company is requesting Shareholders consider and vote on at the meeting. The Resolutions are:

1. Change in Nature and Scale of Activities
2. Consolidation of Capital
3. Acquisition of TOCC
4. Capital raising pursuant to a Prospectus – 1 Share plus 1 free attaching Option
5. Change of Company Name to Pacific American Coal (special resolution)

The NOM is an important document and the Company asks Shareholders to read the NOM in its entirety prior to voting.

The NOM contains an Independent Expert's Report (**IER**) prepared by Hall Chadwick. Hall Chadwick reviewed the TOCC transaction proposed by the Company, and considers it fair and reasonable.

The Company also asks Shareholders to read the Independent Technical and Geological Report (**ITGR**) prepared by Geos Mining released in June 2014. The ITGR reviews all the assets the Company is seeking to acquire through TOCC. The ITGR is supportive of the portfolio of assets reviewed and states:

“Geos Mining concludes that a risk assessment of all of TOCC's projects in the USA and Canada, has not identified any risk impairments.”

The Company requests that all Shareholders complete the Proxy Form included in the NOM and return to Boardroom Pty Limited by methods described in the form.

Updated Timetable

Subject to regulatory and Shareholder approval, MFC will undertake the following key activities:

Activity	Indicative Timeframe
Notice of Meeting to MFC shareholders	28 October 2014
Lodge Prospectus	1 October 2014
Issue and Allotment of Shares	24 November 2014
Re-listing on ASX	5 December 2014



Mandated Lead Manager to a Placement

The Company has signed Patersons Securities Limited as the Lead Manager to assist in the capital raising proposed through the issuance of a Prospectus. The Company is seeking to raise between \$3,500,000 and \$5,000,000. The terms of the capital raising will be detailed in the Prospectus.

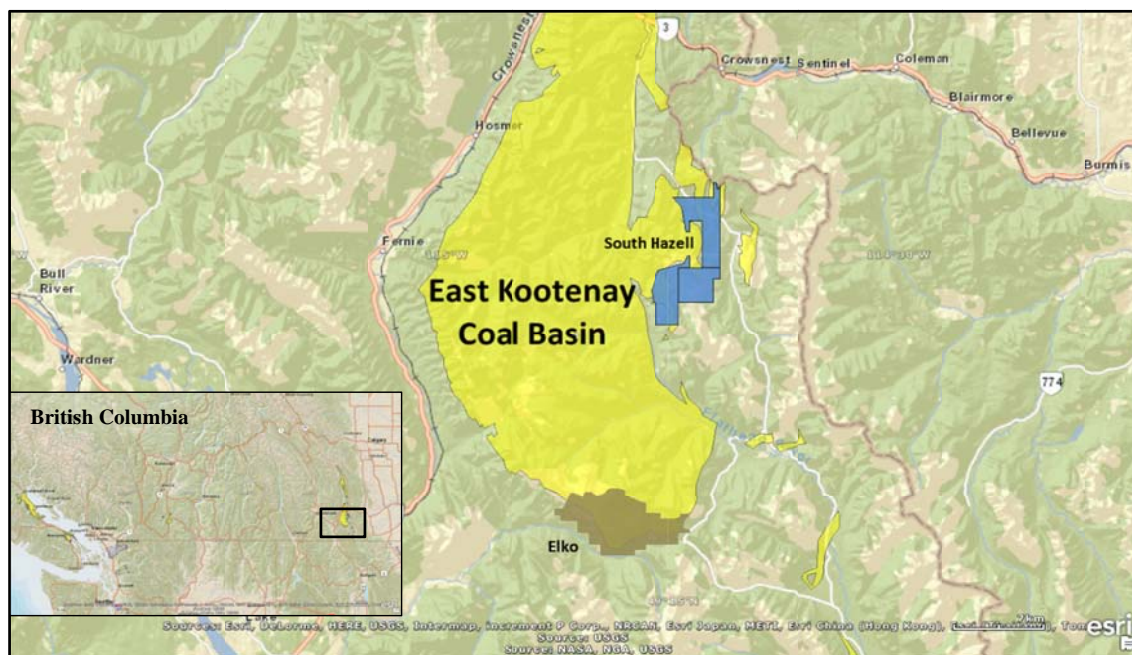
TOCC CORPORATE ACTIVITY

Secured tenure over six (6) Coal Leases in British Columbia

On 19 September 2014, TOCC received notification from the British Columbia, Ministry of Energy and Mines that TOCC had been granted 6 Coal Licences in the Kootenay Coal Basin. The licences relate to the Elko and South Hazell projects as described in the ITGR. The licences are:

Project	Licence No	Area (hectares)	District
South Hazell	418645	1,183	Kootenay
	418646	801	Kootenay
	418647	830	Kootenay
Elko	418648	1,094	Kootenay
	418649	1,128	Kootenay
	418650	1,349	Kootenay
Total		6,385	

The Coal Leases contain JORC 2012 Exploration Targets as stated in the ITGR, all references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code. As such, targets are conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the licence, it is uncertain if further exploration will result in discovery of a coal resource on the licence.



Elko and South Hazell tenement in the East Kootenay Coal Basin

The JORC Exploration Targets on the Coal Leases that have been granted contain between 281 million tonnes and 422 million tonnes of in-situ coal.



These recent developments should be included in any decision by MFC Shareholders prior to voting at the General Meeting. The management of TOCC has successfully demonstrated its ability to manage risks identified by Geos Mining in relation to securing coal licences in British Columbia. In the ITGR, Geos Mining include risks such as "... the potential for a drawn out consultation and licence approval process which is common with BC licence applications.". TOCC management has now eliminated this risk in relation to the Elko and South Hazell project.

Finalised Sales and Purchase Agreements

The Company has assisted TOCC in finalising the Stock Purchase Agreement (**SPA**) to acquire an initial strategic interest in an operating mine in Oklahoma. The SPA will enable the Company to acquire up to 47% through the proposed capital raising pursuant to a Prospectus, refer Resolution 4 of the Notice of General Meeting.

The SPA enables the Company to increase equity ownership in the operating mine over time. The Company has up to 31 March 2016 to acquire a total interest of 80%, subject to the payment of an Option Extension Fee of US\$50k by 31 December 2015.

Metals Finance will continue to keep Shareholders informed as it advances activities and discussions.

FOR FURTHER INFORMATION CONTACT:

Mark Sykes

Chief Executive Officer

Metals Finance Limited

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More details are available on MFC's website www.metalsfinance.com



Texas and Oklahoma Coal Co Exploration Assets

TOCC has established a portfolio of tenements throughout North America. The tenements are located in major coal fields, with a focus on geological coal measures that contain coking coal characteristics. The tenements are in an advanced stage of application and are awaiting final approvals. TOCC is not aware of any impediment to the applications being granted.

The exploration assets that contain JORC 2012 Exploration Targets are:

Project	Status	Region	Basin / Coalfield	In-situ Exploration Target (Million tonnes)
Hartford	Pending	Oklahoma	Arkoma	87 - 117
Lafayette	Pending	Oklahoma	Arkoma	41 - 54
Howe	Pending	Oklahoma	Arkoma	59 - 94
Bokoshe	Pending	Oklahoma	Arkoma	93 - 140
Left Fork	Pending	Colorado	Raton	136 - 204
Elko	Granted	British Columbia	Crowsnest	224 - 336
South Hazell	Granted	British Columbia	Crowsnest	57 - 86
Total In-Situ Exploration Target Tonnes (Millions)				697 – 1,031

TOCC engaged Mr Dwight Kinnes of Highland GeoComputing as an independent Competent Person as defined in the 2012 Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) to assess and signoff on the exploration targets. All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code. As such, targets are conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the licence, it is uncertain if further exploration will result in discovery of a coal resource on the licence. The majority of tenements have JORC defined exploration targets, with the combined portfolio having the potential to contain between 717 million and 1.05 billion tonnes of coking coal resources.

The exploration targets are based on a combination of actual Exploration Results from drilling that have historically occurred on the tenements and on proposed exploration programmes that TOCC is planning to undertake. Areas of planned exploration are focused on the geological interpretation of the coal seams and regional structural geology.

Competent Persons Declaration

The information in this Report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Dwight Kinnes who is a registered member of the Society of Mining Engineers. Mr Dwight Kinnes is employed by Highland GeoComputing LLC. Mr Dwight Kinnes has been engaged by Texas and Oklahoma Coal Co Limited (TOCC) to prepare JORC Exploration Targets for TOCC. Mr Dwight Kinnes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dwight Kinnes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears."

