



LODGEMENT OF PROSPECTUS

Metals Finance Limited (ASX: MFC) is pleased to announce that a full disclosure Prospectus has been lodged with ASIC to facilitate the acquisition of Texas and Oklahoma Coal Co and to undertake a capital raising of between \$3,500,000 and \$5,000,000.

The key transactions contemplated by the Prospectus, including the capital raising, are subject to the Company receiving shareholder approvals to resolutions to be placed before shareholders at a general meeting to be held on 28 October 2014, including approvals for a change of activities pursuant to the provisions of Chapter 11 of the ASX Listing Rules and for certain transactions with related parties.

The prospectus can be downloaded from the Company's website at:

<http://www.metalsfinance.com/prospectus.aspx>

HIGHLIGHTS

The Prospectus details;

- **A Company strategy to produce and export 2 -3 Mtpa of metallurgical coal with 3 – 5 years**
- **TOCC's 6 granted Canadian Coal Licences in the Kootenay coking coal fields of British Columbia**
- **TOCC's phased acquisition to acquire up to 80% of a cash flow positive coal mine in Oklahoma currently producing approximately 500,000tpa Run-Of-Mine coal**
- **Independent Technical and Geological Report on the portfolio of the Coal Licences and coal tenements in application across North America**
- **Capital raising of between \$3,500,000 and \$5,000,000 through the issue of 17,500,000 and 25,000,000 shares. Subscribers to the Offer will receive 1 share priced at \$0.20 + 1 free attaching option exercisable at \$0.25 through 31 Dec 2017.**
- **Priority Top-up Offer to existing MFC shareholders**

PROSPECTUS

Metals Finance Limited (**Metals Finance**, the **Company**) has lodged a Prospectus with regulators that will facilitate a change in the Company's strategy to become a North American export metallurgical company.

In the Chairman's letter to shareholders, Mr Geoff Hill states that the change in the Company's strategy "... will allow the Company to transform and become a valuable and profitable investment for Shareholders."

COMPANY STRATEGY

The Company's strategy is to produce and export 2 -3 Mtpa of metallurgical coal with 3 – 5 years. The strategy will be delivered over three distinct phases.

Through this Offer the Company will:

1

- Acquire an initial strategic stake of between 30% and 47% in the P8 Mine with the option to subsequently acquire up to 80%
- Confirm coal characteristics and quality over the P8 mining lease
- Complete feasibility work on expanding production at P8
- Conduct initial exploration on the 100% owned Coal Licences in British Columbia
- Progress the applications for exploration tenure in Oklahoma, British Columbia and Colorado

Subsequent to completion of the Offer the Company intends to:

2

- Finalise the option to acquire the remaining equity up to 80% in GCI
- Expand production to 1.25 Mtpa by investing in additional mining equipment and installing a Coal Handling Preparation Plant (CHPP)
- Expand the operational footprint in Oklahoma, by developing adjacent coal tenements in the Arkoma Basin using local knowledge, experience and relationship.

Longer term, the Company's objective is to;

3

- Conduct further exploration activities on the British Columbia assets
- Identify economically attractive metallurgical deposits that are capable of being developed into a Tier 1 operation.

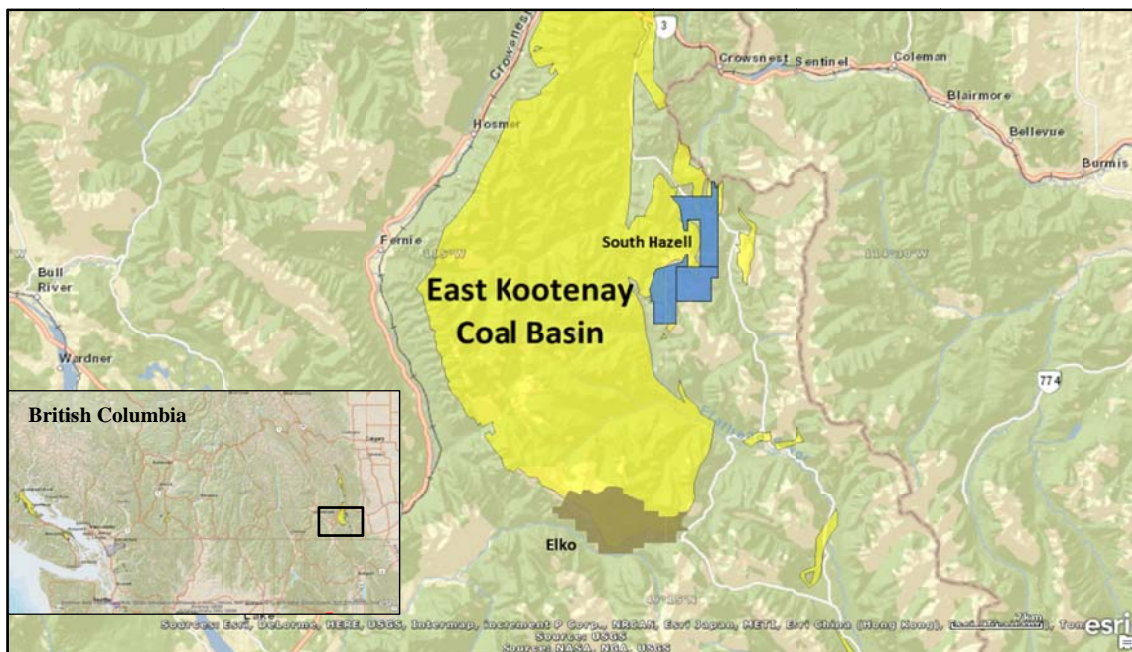
TOCC's CANADIAN COAL LICENCES

TOCC has 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



The Coal Leases contain JORC 2012 Exploration Targets as stated in the Independent Technical and Geological Report (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.

Elko Coal Licences

The exploration tonnage estimates and estimated product coal quality for the Elko project have been determined from the adjacent Lodgepole project @ 1.5 Float SG.

Exploration Target (MT)	Average Thickness (m)	Ash	Volatile Matter	kcal/kg	Sulphur	FSI
224 - 336	7.3 – 10.9	8.5 – 11.5	16.2 – 22.0	7,245	0.38 - 0.52	1 - 4

These coal characteristics are favourable to the production of a coking coal product and offers the Company a potential coking coal resource of +200Mt in a region with existing coking coal operations.

OPERATING ASSET WITH CASH FLOW

TOCC has entered into a Sales and Purchase Agreement to acquire an initial 30% to 47%, with an option to acquire up to 80% of Georges Colliers Inc (GCI), owners of the only underground operating coal mine (P8 Mine) in Oklahoma. P8 Mine is cashflow positive and has demonstrated coal resources over the mining lease that contain low volatile pulverised coal injection (LV PCI) coal that is used in the production of steel.





- 1** Water Storage
- 2** Coal Stockpile
- 3** Minesite Infrastructure
- 4** Underground Portal

Phase 2 of the Company’s strategy is to finalise the option to acquire the remaining equity up to 80% in GCI and to expand production to 1.25Mtpa by investing in additional mining equipment and installing a Coal Handling Preparation Plant (CHPP).

P8 Mine is a strategic asset as the Company moves forward to deliver its strategy of export 2 – 3 Mtpa of metallurgical coal in 3 – 5 years. The Company’s joint venture partner at P8 Mine provides a known cost base and operational experience in the Arkoma Basin offering the Company a competitive advance over new entrants with greenfield projects in the area.

INDEPENDENT TECHNICAL AND GEOLOGICAL REPORT

Geos Mining has prepared an ITGR on the Coal Licences and coal tenements in application. The Company has Coal Licences and coal exploration tenure applications that contain JORC 2012 Exploration Targets between 697Mt and 1,031Mt of in-situ coal. The Exploration Targets are in 7 locations and are held in the known coal fields of Kootenay in British Columbia, Raton Basin in Colorado and the Arkoma Basin in Oklahoma.

Project	Status	Region	Basin / Coal Field	Coal Type	Exploration Target (million tonnes)
Hartford	Application	OK	Arkoma	Metallurgical	87 – 117
Lafayette	Application	OK	Arkoma	Metallurgical	41 – 54
Howe	Application	OK	Arkoma	Metallurgical	59 – 94
Bokoshe	Application	OK	Arkoma	Metallurgical	93 – 140
Left Fork	Application	CO	Raton	Coking & Energy	136 – 204
Elko	Coal Licence	BC	Kootenay	Coking	224 – 336
South Hazell	Coal Licence	BC	Kootenay	Coking	57 – 86
Total Exploration Target (million tonnes)					697 – 1,031

The Projects in the Arkoma Basin collectively contain Exploration Targets of between 280 and 405 million tonnes of insitu coal.

The Projects in the Kootenay Basin collectively contain Exploration Targets of between 281 and 422 million tonnes of insitu coal.

Infrastructure has been identified in each of these regions, having the capability to provide a route to export markets. Initial discussions with logistic providers in the Arkoma Basin indicate logistic costs of approximately \$20 per tonne of coal to bulk coal terminals in the Gulf of Mexica. The Company will engage with logistics providers to secure allocation and volumes as the project development stages advance.



CAPITAL RAISING

The Company has signed Patersons Securities Limited as the Lead Manager to assist in the capital raising proposed through the issuance of the Prospectus.

The Company is seeking to raise capital of \$5,000,000 through the issue of 25,000,000 shares at 20c per share, plus 1 free attaching option exercisable at \$0.25 each on or before the 31 December 2017 for every share issued. The minimum threshold is \$3,500,000 through the issue of 17,500,000 shares.

Applications must be for at least 10,000 Shares (\$2,000) with additional increments of \$500. Instructions on how to apply for Shares are detailed in the Prospectus.

The funds will be allocated in the following manner:

Use of Funds	Minimum Subscription \$3.5m (\$m)	Maximum Subscription \$5.0m (\$m)
GCI Equity Acquired	30%	47%
Cost of Acquisition	0.8	1.3
P8 Mine Quality and Resource Drilling	0.4	0.4
Tenement Exploration	0.4	1.3
Feasibility – Design & Permitting	0.4	0.4
General & Administration (2years)	1.0	1.0
Cost of the Offer	0.5	0.6
Total Use of Funds	\$3.5m	\$5.0m

PRIORITY TOP UP OFFER

The Company is providing existing Metals Finance shareholders, registered on the 30 September 2014, the ability to apply for a Priority Top Up. Through the consolidation of MFC shares, existing shareholders may hold less than 10,000 shares (\$2,000). The Top Up Offer enables existing shareholders the ability to increase their holding to 10,000 shares plus the ability to subscribe for additional shares in increments of \$500.

ADDITIONAL INFORMATION

The Prospectus is an important document and should be read in its entirety. The Prospectus contains information on the Company and its projects along with the risks that you, as an investor, should be aware of prior to making an investment in the Company.

Mr Geoff Hill said *“The lodgement of the Prospectus signals a new direction for the Company with a clear strategy and objective of deliver value to all shareholders. I invite you to read the Prospectus and thank you for your support and welcome you as Shareholders to the Company.”*

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."

