Metals Finance Limited

(to be renamed Pacific American Coal Limited)
ABN 83 127 131 604

PROSPECTUS

For the offer of up to 25,000,000 Shares at 20 cents per Share to raise up to $5,000,000 with a free attaching Option for every Share applied for.

The minimum subscription is 17,500,000 Shares at an issue price of 20 cents each to raise a total of $3,500,000.

The Offer includes a priority Top-up Offer to existing Shareholders of up to 10,000 ($2,000) Shares and a free attaching Option for every Share applied for.

IMPORTANT NOTICE. This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. THE SECURITIES OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED AS SPECULATIVE. THIS OFFER IS NOT UNDERWRITTEN.

Lead Manager to the Offer:
Pattersons Securities Limited

PATERSONS
THE AUSTRALIAN STOCKBROKER

Developing a Portfolio of Coal Projects in North America

Table of Contents

Important Information

OFFER

The Offer contained in this Prospectus is an invitation by Metals Finance Limited (**Metals Finance, MFC, the Company**) to subscribe for shares in the Company (**Shares**) with a free attaching Option (**Option**) for every Share (collectively, **New Securities**).

LODGEMENT

This Prospectus is dated 1 October 2014 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. This Prospectus expires at 5.00 pm Australian Eastern Daylight Saving Time (AEDT), 13 months after the date of this Prospectus (**Expiry Date**). No New Securities will be issued on the basis of this Prospectus after the Expiry Date.

Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

COMPETENT PERSONS STATEMENT

The information in this Prospectus that relates to exploration results and exploration targets, was prepared by Geos Mining, and is based on information compiled by Mr Tom Bradbury, who is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Geos Mining. The exploration results and exploration targets are based on exploration data provided by TOCC. Mr Bradbury has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, 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".

EXPLORATION TARGETS

The exploration targets in this Prospectus cannot be considered as a Coal Resource as defined by the JORC code. The exploration targets are conceptual in nature and there has been insufficient exploration carried out to define a Coal Resource and it is uncertain if further exploration will result in the exploration targets being delineated as a Coal Resource as defined by the JORC code.

NOT INVESTMENT ADVICE

The Prospectus does not provide investment advice. You should seek your own financial advice. The Offer contained in this Prospectus does not take into account your investment objectives, financial situation and particular needs. It is important that you read this Prospectus carefully and in full before deciding to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding to invest. Applicants should carefully consider the risk factors that affect the Company and the industry in which it operates. Section 5 outlines some significant risk factors that may impact on the prospects of the Company. Further, any number of known and unknown risks, uncertainties and other factors could affect the actual results, performance or achievements of the Company. Section 7 details the assumptions underlying the Financial Information.

DISCLAIMER

Except as required by law, and only to the extent so required, neither the Company nor any other person guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in the Prospectus may not be relied on as having been authorised by the Company or the Directors. This Prospectus contains forward looking statements, which are only predictions and subject to inherent risks and uncertainties. Any forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Certain risk factors are set out in Section 5. These and other factors could cause actual results to differ materially from those expressed in any forward looking statement made by, or on behalf of, the Company.

INVESTMENT RISKS AND FINANCIAL INFORMATION PRESENTATION

The Prospectus does not take into account your investment objectives, financial situation or particular needs. Before deciding to invest in the Company it is important that you read the entire Prospectus and consider both the risk factors that could affect the financial performance of the Company and the assumptions underlying the Financial Information.

NO OVERSEAS REGISTRATION

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Securities or the Offer, or to otherwise permit a public offering of New Securities, in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the applicable securities laws. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the New Securities have not been, and will not be, registered under the *US Securities Act 1933* (**US Securities Act**), and may not be offered or sold in the United States.

ELECTRONIC PROSPECTUS

An electronic version of this Prospectus is available on the Offer website at www.metalsfinance.com. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website and receiving this Prospectus in electronic form within Australia. Persons who access the Prospectus in electronic form should ensure that they download and read the entire Prospectus. Persons having received a copy of this Prospectus in its electronic form may, during the Offer Period, obtain a paper copy of this Prospectus (free of charge within Australia) by contacting Boardroom Pty Limited on 1300 737 760 (from within Australia) or it may be downloaded from www.metalsfinance.com. Applications for New Securities may only be made on the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of the Prospectus or a complete and unaltered electronic copy of this Prospectus.

EXPOSURE PERIOD

The *Corporations Act 2001* (**Corporations Act**) prohibits the Company from processing Applications in the seven day period after the date of lodgement of this Prospectus with ASIC. This Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

FINANCIAL AMOUNTS

Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

GLOSSARY

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary set out at the end of this Prospectus.

PRIVACY

By filling out an Application Form to apply for New Securities you are providing personal information to the Company through the Company service provider, the Share Registry. The Company, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by the Company which it considers may be of interest to you.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company privacy policy and as authorised under the *Privacy Act 1988* (Cth.), the Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Company' Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the New Securities for associated actions.

You may request access to your personal information held by (or on behalf of) the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Boardroom Pty Limited
Client Services Manager
GPO Box 3993
Sydney NSW 2001
T: 1300 737 760
F: 1300 653 459

If any of your information is not correct or has changed, please contact the Share Registry or the Company to update your information. In accordance with the requirements of the Corporations Act, information on the Share Register will be accessible to members of the public.

CONTACTS

If you require assistance to complete the Application Form, require additional copies of this Prospectus, or have any questions in relation to the Offer you should contact the Share Registry, Boardroom Pty Ltd on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia), or visit the Offer website at www.metalsfinace.com.au.

If you are uncertain as to whether obtaining New Securities in the Company is a suitable investment for you, you should seek professional advice from your stockbroker, lawyer, accountant or other professional adviser.

Investor Highlights

THE COMPANY PROVIDES INVESTORS WITH:

1

An ASX-listed company targeting metallurgical coal with assets in major North American coal regions

2

Equity in a cashflow positive underground coal mining asset, the P8 Mine

3

A strategy to increase production at the P8 Mine to 1.25 Mtpa ROM

4

Coal Licences and coal exploration tenure applications that contain JORC 2012 Exploration Targets between 697 million tonnes (**Mt**) and 1,031 Mt of in-situ coal

5

Exposure to a cost competitive region with established infrastructure and with an existing operation that has a known cost structure and synergistic benefits to new projects

BACKGROUND

Metals Finance announced to the ASX on 6 March 2014 that it had entered into a Heads of Agreement with Texas and Oklahoma Coal Co Limited (**TOCC**), to acquire all of the shares of TOCC. The issuance of this Prospectus and subsequent successful capital raising is a condition to the Acquisition proceeding. Subject to the approval of Shareholders, the Company will be renamed Pacific American Coal Limited (**Pacific American**).

THE ASSETS

TOCC holds Coal Licences for exploration in the coking coal regions of Kootenay in British Columbia and applications for exploration licences in Peace River in British Columbia, the Raton Basin in Colorado and the metallurgical coal region of the Arkoma Basin in Oklahoma. In total, the Coal Licences and applications contain in-situ coal JORC Exploration Targets of between 697 Mt and 1,031 Mt (refer Section 8 – Independent Technical and Geological Report).

TOCC has secured an option 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.

THE NORTH AMERICAN ADVANTAGE

North America has been identified as a cost competitive region with mature transport infrastructure that services the export coal market. North America offers competitive labour rates for existing operations and lower capital intensity development costs for proposed new build projects (refer Section 2.5 – North America).

THE PEOPLE

Your Board and Senior Management have complementary coal industry experience and a range of skills including finance, project development, operations and marketing. The Board is committed to the successful execution of the Company's strategy.

Figure 1

P8 Mine, located in the Arkoma Basin of Oklahoma

1. Water storage
2. Stockpiles
3. Underground entry
4. Admin/workshop
5. Access road

THE STRATEGY

The Company has a strategy to produce two to three million tonnes per annum (**Mtpa**) of export quality PCI coal within the next three to five years. The strategy will be delivered over three distinct phases.

1

Through this Offer the Company will:

- Acquire an initial strategic stake of between 30% and 47% in the P8 Mine with the option to subsequently acquire up to 80%
- Confirm and define 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

2

Subsequent to completion of the Offer the Company intends to:

- 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 relationships

3

Further exploration activities on the British Columbia, Canada assets with the purpose of identifying economically attractive metallurgical coal deposits

INVESTOR VALUE

As an investor through this Prospectus you will receive:

1 Share
priced at 20 cents per share

+

A free attaching Option
exercisable at 25 cents

on or before 31 December 2017 for every Share applied for

INFORMATION AND APPLICATION FORMS

This document is important and should be read in its entirety. This document 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.

An Application form can be found attached to this document. Should you require additional forms or information on how to fill out these forms, please contact our Share Registry company, Boardroom Pty Ltd on 1300 737 760.

Key Offer Information

IMPORTANT DATES

Top-Up Offer Record date **30 September 2014**	Prospectus date **1 October 2014**	Offer opens **14 October 2014**	Meeting of shareholders of Metals Finance **28 October 2014**
Offer closes **14 November 2014**	Allotment and issue of Securites **24 November 2014**	Expected dispatch of holding statements **28 November 2014**	Securities expected to begin trading on ASX **5 December 2014**

These dates and times are indicative only and may change. The Company reserves the right to vary the dates and times of the Offer without prior notice including closing the Offer before the scheduled Closing Date. Applicants are encouraged to submit their Application Forms as soon as possible after the Offer opens. All times are AEDT.

KEY OFFER STATISTICS

	Minimum offer	Maximum offer
Offer Price	$0.20	$0.20
Shares on issue at the date of this Prospectus	73,109,576	73,109,576
Shares on issue following the consolidation of the shares of the Company	7,310,958	7,310,958
Shares to be issued to TOCC shareholders	56,048,622	56,048,622
Shares available under the Offer	17,500,000	25,000,000
Total number of Shares on issue following the Offer	80,859,580	88,359,580
Amount to be raised under the Offer	**$3,500,000**	**$5,000,000**
Options on issue at the date of this Prospectus	0	0
Options on issue following the consolidation of the Shares of the Company	7,310,958	7,310,958
Options to be issued to TOCC optionholders	9,750,000	9,750,000
Options to be issued to TOCC shareholders	16,814,605	16,814,605
Options issued to advisors	500,000	500,000
Options available under the Offer	17,500,000	25,000,000
Total number of Options on issue following the Offer	51,875,563	59,375,563
Market capitalisation at the Offer Price	**$16,171,916**	**$17,671,916**

HOW TO INVEST

Applications to subscribe for Shares can only be made by completing and lodging an Application Form contained in this Prospectus. Instructions on how to apply are set out in Section 6 and on the back of the Application Form. Applications must be for at least 10,000 Shares ($2,000) with additional increments of $500.

Letter from the Chairman

DEAR INVESTOR

As Chairman of Metals Finance Limited, I am pleased to invite you to join with me in participating in a new and exciting phase in the growth and development of your Company.

The Company has already announced the essential terms of the acquisition of TOCC and outlined our plans to reconstruct the Company, through a one for 10 consolidation and a renaming of the company as Pacific American Coal Limited (**PAC**), to more fully reflect our new activities.

Your independent Directors, in considering the acquisition of TOCC, investigated a series of other investment opportunities, however they believe that the acquisition of these coal projects represents a new strategic direction for the Company. As Chairman of both Metals Finance and TOCC, I am delighted with the decision, as I believe this will allow the Company to transform and become a valuable and profitable investment for Shareholders.

You are being invited to participate in our current fund raising of up to $5,000,000 by way of issuing 25,000,000 shares at $0.20 per Share plus a free attaching Option for every Share applied for. Included in the Offer is a Top-Up Offer to existing Shareholders to increase their holding to at least $2,000.

This funding will enable us to embark on our three-phased development strategy, as we seek to acquire an interest in the P8 Mine in Oklahoma. Through this Offer, we will make an initial equity investment of between 30% and 47% in P8 and advance TOCC's Canadian coking coal tenements.

We have a high calibre Board and management team in place to execute our development plans and to rejuvenate the company as a profitable North American coal producer. We invite you to join with us in this new and exciting project, which we believe will add significant value to the Company and to the wealth of all our Shareholders.

Our vision is to minimise future capital raisings and use our cash flow from operations to build and develop our assets. Shareholders are being offered an opportunity to invest in our new business at the ground level.

Importantly, you will be investing in a Company that will have an interest in existing cashflow and a producing asset, whilst at the same time it commences development of its other coking coal exploration projects in North America, where we have JORC 2012 Exploration Targets of between 697 Mt and 1,031 Mt of in-situ coal.

You will find the necessary forms to complete your application for Shares in the Company in the attached documentation.

We thank you for your support and welcome you as Shareholders to the Company.

Yours sincerely,

Geoffrey Hill
Chairman

Investment Summary

1

1.1 IMPORTANT NOTICE

This Section does not provide all information for investors intending to apply for New Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The New Securities offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or future value.

1.2 OVERVIEW

In early 2014 the Company announced that its focus would be to acquire resource assets and that it had entered into a conditional agreement to acquire TOCC, a company with interest in coal assets in North America.

1.3 THE COMPANY

Who is the issuer of this Prospectus?

Metals Finance Limited (ABN 83 127 131 604). Subject to the passing of the Resolutions, the Company will be renamed American Pacific Coal Limited.

Why is the Offer being conducted?

Section 2.2

The Offer is a condition to the Company acquiring 100% of TOCC's capital, with Coal Licences in the Kootenay Coal Basin in British Columbia and exploration tenements in application in British Columbia, Colorado and Oklahoma. In addition, TOCC has an Option to secure an initial equity stake in an operating coal mine in Oklahoma USA.

The Offer will allow the merged Company to:

- fund an initial strategic stake in an operating underground coal mine in Oklahoma, USA;
- fund exploration activities to confirm the coal characteristic and coal quality over the operating mining lease; and
- fund the completion of a feasibility study on the metallurgical export opportunity of coal from the Arkoma Basin in Oklahoma.

What is the Acquisition?

Section 2.3 & 3.1

The Acquisition is 100% of TOCC's capital. Through the Acquisition, the Company will advance the portfolio of coal licences and coal exploration tenements identified by TOCC.

If the Minimum Subscription is raised TOCC will acquire 30% of the issued capital of GCI. If the Maximum Subscription is raised GCI will acquire 47% of GCI. Funds from this Offer will be used to acquire an initial strategic interest in GCI.

TOCC has an option to acquire up to 80% of the shares in GCI exercisable on or before 31 December 2015, with the ability to extend the exercise period for three months to 31 March 2016.

Section 4.1

How will the acquisition be integrated into Metals Finance?

The combination of the Company and TOCC brings together the experience of an existing management team and a Board with complementary skills in the areas of project development, operations and international marketing. The acquisition of equity in GCI brings a professional North American team and skilled workforce.

Section 2.2

What consideration are the vendors receiving?

The shareholders of TOCC are receiving securities in Metals Finance as consideration. Each TOCC shareholder will receive five Shares for each six TOCC shares and three Options for every 10 Shares. Existing TOCC optionholders will receive Options exchanged on a one for one basis.

1.4 INVESTMENT HIGHLIGHTS

WHAT ARE THE KEY INVESTMENT HIGHLIGHTS?

Section 3 & 8

JORC Exploration Targets

The Coal Licences and exploration tenements in application have the potential to contain between 697 Mt and 1,031 Mt of in-situ coal as identified in the JORC Exploration Targets prepared by the Company and supported in the Independent Geological Report by Geos Mining.

Available data indicates a range of coal qualities being:

- high quality coking coal targets in the Elko and South Hazell tenements in East Kootenay, British Columbia;
- coking coal targets at Left Fork in the Raton Basin, Colorado; and
- metallurgical and thermal coal targets in the Arkoma Basin.

Section 3.1

Interest in an operating mine with existing sales contracts

GCI owns a cashflow positive underground mining operation (the P8 Mine) producing approximately 450 ktpa ROM of thermal coal. Product is sold under a long term supply contract with the nearby coal fired power generator. P8 Mine is the largest producer and only underground coal mine in Oklahoma.

The Company will initially acquire between 30% and 47% of the shares in GCI.

Section 3 & 8

Access to export infrastructure

P8 Mine is located 35 kilometres south of the coal barging river ports at Van Buren. The river ports are located on the Arkansas River and have year round access to the export gulf terminals situated at the mouth of the Mississippi.

The river systems of the USA are an established method of transporting bulk goods, with over 200 Mt of commodities travelling along the Mississippi past the state of Arkansas each year. Barging transportation costs offer a competitive pricing structure over traditional rail or road transportation.

No ocean barging is required, reducing the risks associated with barge transportation of bulk goods on water.

Section 3.1

Experienced Oklahoma joint venture partner

The P8 Mine partner, Georges Colliers Inc is an established coal mining company in the region and has successfully mined in the Arkoma Basin over the past 20 years. GCI brings operational knowledge and long term stakeholder relationships. The operation is managed with a focus on safety and productivity.

Section 2.5

Low cost region

The operating cost structure of coal mining at P8 Mine has a competitive advantage over comparative Australian mining operations. USA labour rates and associated corporate overheads are approximately half the costs in Australia.

Section 4.1

Experienced management and Board

The proposed Board and management have expertise in the development, operation and marketing of coal projects and product.

1.5 KEY RISKS

Coal Prices Changes to coal markets, coal prices and other macroeconomic factors could adversely impact the commercial viability of the Company's projects.	Section 5.2
Reserve and resource estimates Estimates are inherently uncertain and may not prove to be an accurate indication of the quantity and/or quality of coal that the Company has identified or that it will be able to extract.	Section 5.2
Coal quality The quality of coal produced during the mine life may vary from that anticipated from resource drilling to date.	Section 5.2
Operation Operating difficulties caused by sub-standard coal quality, mine seams, gas content and plant processing issues may adversely impact future production and operating costs.	Section 5.2
Development Variations to current cost and timing expectations of future development could adversely impact Company returns.	Section 5.2
Key personnel The Company may lose key management personnel and may not be able to recruit qualified replacements.	Section 5.2
Title and approvals There is no guarantee that licences and approvals required to explore for or extract coal will be renewed or approved in future. Failure to retain or secure licences and approvals in future may adversely impact the Company.	Section 5.2
Financing There is no assurance of the availability of future funding necessary for the Company to support proposed development plans.	Section 5.2
Legal Potential litigation exposure of GCI in Oklahoma.	Section 5.2
Exploration Exploration efforts cannot guarantee the successful identification of sufficient economically recoverable coal reserves, which could adversely impact future project economics.	Section 5.2
Regulation and political Changes in legislation or government policy in Australia, the USA or Canada may affect the Company and project returns.	Section 5.2

1.6 THE OFFER AND USE OF FUNDS

Section 6

What is being offered?

Pursuant to this Prospectus, the Company invites investors to apply for Shares with a free attaching Option for each Share applied for.

Applications must be for at least 10,000 Shares ($2,000) with additional increments of $500.

The Company is planning to raise up to $5,000,000 through the issue of 25,000,000 Shares at an issue price of $0.20 each.

The Minimum Subscription is $3,500,000.

The attaching Options will be exercisable at $0.25 each on or before the 31 December 2017.

The New Securities offered under this Prospectus will rank equally with the existing Shares on issue. Refer to Section 5 for further details in relation to the Offer.

Section 6

Indicative timetable

Top Up Offer Record Date	30 September 2014
Lodgement of Prospectus with the ASIC	1 October 2014
Opening Date	14 October 2014
Closing Date 5.00pm	14 November 2014
Despatch of holding statements	28 November 2014
Expected date for listing on ASX	5 December 2014

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

Section 6

Purpose of the Offer

The primary purpose of the Offer is to facilitate the completion of the Acquisition and enable the Company to take ownership of a portfolio of North American coal projects, both granted and in application.

The Offer will progress the Company's strategy by:

- acquiring an initial strategic equity interest in GCI, owners of the P8 Mine;
- enabling further metallurgical and engineering due diligence over the P8 Mine lease;
- undertaking programs of work to explore the Elko and South Hazell Coal Licences in British Columbia and advance the Hartford/Howe Coal tenements applications in Oklahoma;
- securing and advancing preliminary exploration activity on the Bokoshe and Lafayette Coal Projects in Oklahoma;
- meeting the costs of the Offer; and
- providing working capital.

The Board believes that, upon successful completion of the Offer, the Company will have sufficient capital to achieve its stated objectives. While the current intention of the Company is not to raise additional funds, it reserves the right to do so if it considers it to be in the best interests of the Company.

Is there a minimum subscription in respect of the Offer?

The minimum level of subscription under the Offer is $3,500,000.

Is there a maximum subscription in respect of the Offer?

The maximum level of subscription under the Offer is $5,000,000.

Are there any conditions to the Offer?

The Offer is conditional on each of the following matters being satisfied:

- Shareholders approving all of the relevant Resolutions put to them at the General Meeting of the Company;
- a minimum subscription under the Offer of $3,500,000 having being achieved;
- ASX approving the reinstatement of the Shares to Quotation; and
- acquisition completion having occurred.

No Shares will be issued under this Prospectus unless each of the above conditions is satisfied.

What is the proposed use of funds raised pursuant to the Offer?

Section 2.7

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 and permitting	0.4	0.4
General and administration (2 years)	1.0	1.0
Cost of the offer	0.5	0.6
Total use of funds	**$3.5m**	**$5.0m**

Will the Shares be listed?

Section 6.7

Yes, the Company will apply for Quotation of the Shares on the ASX under the code MFC. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made, (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Is there any brokerage commission or stamp duty payable by the Applicants?

Section 6.7

No brokerage, commission or stamp duty is payable by you on your acquisition of Shares under the Offer.

What are the tax implications of investing in the Shares?

Section 6.7

Generally Shareholders will be subject to Australian tax on Dividends and possibly CGT on a future disposal. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances.

Where can I find more information?

Section 6

By reading this Prospectus in its entirety.

By speaking to your accountant, stockbroker or other professional adviser.

If you require assistance or additional copies of this Prospectus, please contact Boardroom Pty Limited on 1300 737 760.

1.7 DIRECTORS AND SENIOR MANAGEMENT TEAM

WHO ARE THE DIRECTORS AND KEY MANAGEMENT OF THE COMPANY AND WHAT IS THEIR EXPERTISE?

Section 4.1

Board

Chairman: Geoffrey Hill
B.Econ (Syd), MBA (NSW), FFIN, FCPA, FAICD

Mr Geoffrey Hill currently serves as the Chairman of Metals Finance Limited and is a founder and the Chairman of Texas and Oklahoma Coal Company. Mr Hill has over 30 years' experience in merchant banking with extensive experience in the resources industry.

Non-Executive Director: Rick Anthon
BA (ANU), LLB (ANU), MAICD

Mr Rick Anthon currently serves as a non-executive Director on the Board of Metals Finance. Mr Anthon is a practicing lawyer with 30 years' experience in corporate and commercial law.

Non-Executive Director: Simon Bird
B.Compt (Hons) (University of South Africa), FCPA, FAICD

Mr Simon Bird currently serves as a non-executive Director on the Board of Metals Finance. Mr Bird an accomplished senior executive and company director with over 30 years' experience in Africa, Europe and Australia.

TOCC Directors
(to be appointed to the Board of the Company following completion of the Offer)

Non-Executive Director: Paul Chappell
B.Com, FCPA, MAICD

Mr Paul Chappell currently serves as a non-executive Director on the Board of Texas and Oklahoma Coal Company. Mr Chappell has over 20 years' experience as a commodity trader in international markets. To be appointed on successful relisting.

Non-Executive Director: Gary Cochrane
BOE, GRAD DIP Mining, MBA, GAICD

Mr Gary Cochrane currently serves as a non-executive Director on the Board of Texas and Oklahoma Coal Company. Mr Cochrane has 30 years' experience in the mining, engineering and construction industries throughout Australasia. To be appointed on successful relisting.

Section 4.1

Company Secretary

Ian Morgan
B Bus (NSW Institute of Technology), M Comm Law (Macquarie),
Grad Dip App Fin (Securities Institute), CA, ACIS, MAICD, F.Fin

Mr Ian Morgan is the Company Secretary of Metals Finance. Mr Morgan has over 30 years' experience as a Chartered Accountant and Company Secretary. Mr Morgan provides secretarial and advisory services to a range of companies, and is company secretary of other publicly listed companies.

Section 4.2

Management

Chief Executive Officer: Mark Sykes
B.Eng (Mining) (WASM), MNEC (Macquarie)

Mr Mark Sykes currently serves as the Chief Executive Officer of Metals Finance. Mr Sykes has over 20 years' experience in the mining industry, having held operational and corporate positions with Tier 1 mining companies. Mr Sykes' career includes time with BHP in an operational capacity and with Mitsubishi Corporation's resource investment division.

Vice President Business Development: Dom Hill
BBUS, ADIP

Mr Dom Hill is a founder of TOCC and currently serves as the executive Director on the Board. Mr Hill has over 10 years' experience in the investment and advertising sectors and more recently in the US coal and energy sector.

1.8 INTERESTS AND BENEFITS OF DIRECTORS RELATED PARTY TRANSACTIONS

On Completion of the Offer the Directors and proposed Directors will hold the following Shares and Options, either directly or indirectly:

- Geoff Hill – 15,939,327 Shares and 6,633,773 Options
- Simon Bird – 143,333 Shares and 143,333 Options
- Rick Anthon – 171,667 Shares and 171,667 Options
- Paul Chappell – 1,555,556 Shares and 1,466,667 Options
- Gary Cochrane – 2,500,000 Shares and 2,000,000 Options
- Ian Morgan, Company Secretary – 17,452 Shares and 17,452 Options.

Directors and management are entitled to remuneration and fees on ordinary commercial terms as described in Section 4.

Advisors and other service providers are entitled to fees for their services as described in Section 4.7.

1.9 CAPITAL STRUCTURE

	Minimum Offer ($3,500,000)	Maximum Offer ($5,000,000)
Offer Price	$0.20	$0.20
Shares on issue at the date of this Prospectus	73,109,576	73,109,576
Shares on issue to shareholders of the Company following the consolidation of the shares of the Company	7,310,958	7,310,958
Shares to be issued to TOCC shareholders	56,048,622	56,048,622
Shares available under the Offer	**17,500,000**	**25,000,000**
Total number of Shares on issue following the Offer	80,859,580	88,359,580
Amount to be raised under the Offer	$3,500,000	$5,000,000
Options on issue at the date of this Prospectus	0	0
Options on issue following the consolidation of the Shares of the Company	7,310,958	7,310,958
Options to be issued to TOCC optionholders	9,750,000	9,750,000
Options to be issued to TOCC shareholders	16,814,605	16,814,605
Options issued to advisors	500,000	500,000
Options available under the Offer	**17,500,000**	**25,000,000**
Total number of Options on issue following the Offer	51,875,563	59,375,563
Market capitalisation at the Offer Price	**$16,171,916**	**$17,671,916**

Clear Strategy

Business Overview

2

2.1 METALS FINANCE LIMITED

The Company was incorporated in Australia in 2009 for the specific purpose of providing a combination of project implementation skills and finance for the development of metals recovery projects around the globe.

The Company is undertaking the acquisition of TOCC subject to the approval by Shareholders at the Company's General Meeting to be held on 28 October 2014.

It is intended that the Company be renamed Pacific American Coal Limited (PAC), and remain an ASX listed public company limited by shares.

The company name 'Pacific American Coal Limited', signifies the Company's focus to deliver Shareholders, high value metallurgical coal opportunities in the United States of America and Canada.

The Company has a strategy of being a North American metallurgical coal company, exporting 2–3 Mt of product per year within three to five years. Through this Offer, the Company is seeking to raise $5,000,000 to expedite our strategy and deliver value to all our Shareholders. The Offer has a Minimum Subscription of $3,500,000.

2.2 THE ACQUISITION OF TOCC

On 6 March 2014, the Company announced to the ASX that the Company had signed an agreement with privately owned TOCC to acquire 100% of TOCC in consideration for the issue of Shares and Options in the Company. The Acquisition requires the Company to undertake a consolidation of its Shares on a 10 for one basis and the issue to TOCC shareholders Shares and Options.

The Company has called a general meeting of its Shareholders to obtain the necessary Shareholder approvals to implement the Acquisition, including approvals under Chapter 11 of the ASX Listing Rules relating to the Company changing the nature and scale of its activities.

The capital structure of the Company pre and post the Acquisition of TOCC, but prior to the completion of the Offer is:

	Pre-Acquisition	Pre-completion of Offer
Shares		
Shares on issue pre-consolidation	73,109,576	
Share consolidation 10:1		7,310,958
TOCC shares on issue	67,258,330	
TOCC acquisition exchange 5 for 6		56,048,622
Total Shares on issue prior to Offer		**63,359,580**
Options		
Options to be issued to existing Shareholders		7,310,958
Options to be issued to TOCC option holders		9,750,000
Options to be issued to TOCC shareholders		16,814,605
Total Options on issue prior to Offer		**33,875,563**

The pre-Offer capital structure will result in existing Metals Finance Shareholders holding 11.5% of the Shares on issue and TOCC shareholders holding 88.5%. Existing Metals Finance Shareholders are to be issued 21.6% of the total Options available while TOCC Shareholders are to be issued a total of 78.4%.

The following conditions need to be satisfied prior to the completion of the Offer:

Activity	Status
Shareholder approval for the consolidation of the Shares of Metals Finance.	Subject to Shareholder approval
An Independent Expert's Report commenting on the fairness and reasonableness of the transaction being obtained	Completed
The issue of a Prospectus detailing the assets and use of funds to be raised via the capital raising.	Completed
The obtaining all other necessary Shareholder and regulatory consents and approvals	Subject to Shareholder approval
Metals Finance satisfying the relevant provisions of Chapters 1 and 2 of the ASX Listing rules and its securities being granted re-quotation to the ASX upon completion of the transaction	Subject to Shareholder approval
Metals Finance raising a minimum of $3,500,000	Subject to Completion of the Offer

2.3 THE COMPANY'S NEW ASSET BASE

GCI AND THE P8 MINE

TOCC has entered into an agreement to acquire an initial 30% to 47% shareholding in GCI. The percentage interest will be determined by the amount of funds raised under the Offer. The Company will acquire a 47% interest if the Offer is fully subscribed.

Additionally TOCC holds an option, exercisable subject to payment of an option fee on or before March 2016 to acquire up to 80% of GCI.

GCI has title and mining rights over Federal Coal Lease OKNM 91190 where the P8 Mine is located and where the P8 North mine is in operation. The mine extracts the Upper and Lower Hartshorne seams within the Arkoma Basin. The United States Geological Survey (**USGS**) have identified the coal characteristics of the region as containing low-volatile bituminous coal.

COAL LICENCES AND EXPLORATION TENURE

TOCC holds Coal Licences for exploration in the coking coal regions of Kootenay in British Columbia and applications for exploration licences in Peace River in British Columbia, the Raton Basin in Colorado and the metallurgical coal region of the Arkoma Basin in Oklahoma.

In total, the Coal Licences and applications contain in-situ coal JORC Exploration Targets of between 697 Mt and 1,031 Mt (refer Section 8 – Independent Technical and Geological Report).

Project	Status	Region	Basin/ coal field	Coal type	Exploration Target (Mt)
Resources					
P8 Mine	Mining Lease	OK	Arkoma	Metallurgical & energy	13.7[1]
JORC Exploration Targets					
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**

1 JORC 2012 Resource estimation by Highland GeoComputing – Feb 2014

2.4 STRATEGIC OBJECTIVES

The Company has a strategic objective to be a North American metallurgical coal producer. The Company's objective is to produce 2–3 Mtpa of export quality metallurgical coal from a portfolio of assets within three to five years. This is achievable through:

- the acquisition of an interest in existing coal operation in Oklahoma with four nearby low volatile PCI quality exploration tenements, and
- being the holder of 6 Coal Licences, collectively known as Elko and South Hazell, and the 100% registered applicant for one additional British Columbian coking coal project, all located in existing coal producing areas. These tenement have a combined JORC 2012 Exploration Target of between 281 Mt and 422 Mt.

The Company's strategy and growth will be delivered over three set phases:

1

Through this Offer the Company will:

- Acquire an initial strategic stake of between 30% and 47% in the P8 Mine with the option to subsequently acquire up to 80%
- Confirm and define 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.

2

Subsequent to completion of the Offer the Company intends to:

- 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 CHPP
- Expand the operational footprint in Oklahoma, by developing adjacent coal tenements in the Arkoma Basin using local knowledge, experience and relationships.

3

Further exploration activities on the British Columbia, Canada assets with the purpose of identifying economically attractive metallurgical coal deposits.

2.5 NORTH AMERICA

North America has been identified as a cost competitive region with mature transport infrastructure that services the export coal market. North America offers competitive labour rates for existing operations and lower capital intensity development costs for proposed new build coking coal projects.

Leveraging the local knowledge and relationships of the existing owners of P8 Mine, the Company has known cost structures that can be replicated and deployed on four nearby tenement areas, containing between 280 Mt and 405 Mt of in-situ JORC Exploration Targets.

Collectively, the United States and Canada is the third largest coal exporting region outside of Indonesia and Australia. Of the top 10 coal exporting countries, the Frazer Institute data indicates the North American region offers the highest investment attractiveness to coal exporting companies.

The United States is an established coal producing region, with primary focus on the domestic thermal market consuming approximately 90% of total production. Traditionally known as a metallurgical coal export swing market, the United States has established an internationally competitive cost structure, whereby over the past three years the United States has consistently exported around 100 Mtpaof production.

The Company is targeting the United States metallurgical export market with plans to export 2–3 Mtpa within the next three to five years.

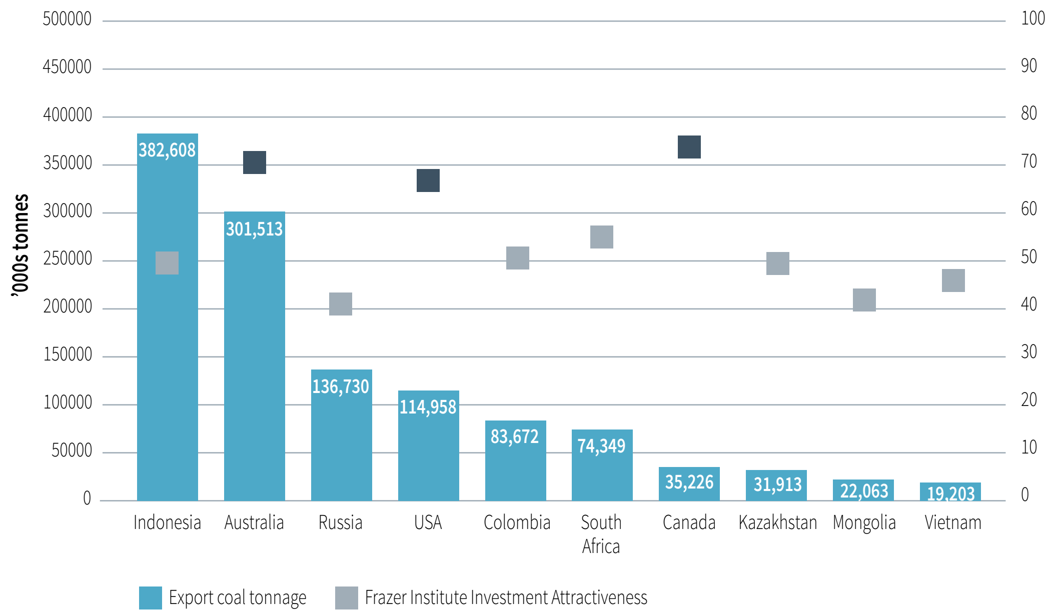

Figure 2

2012 top 10 exporting coal countries vs investment attractiveness (Source EIA 2013 and Frazer Institute)

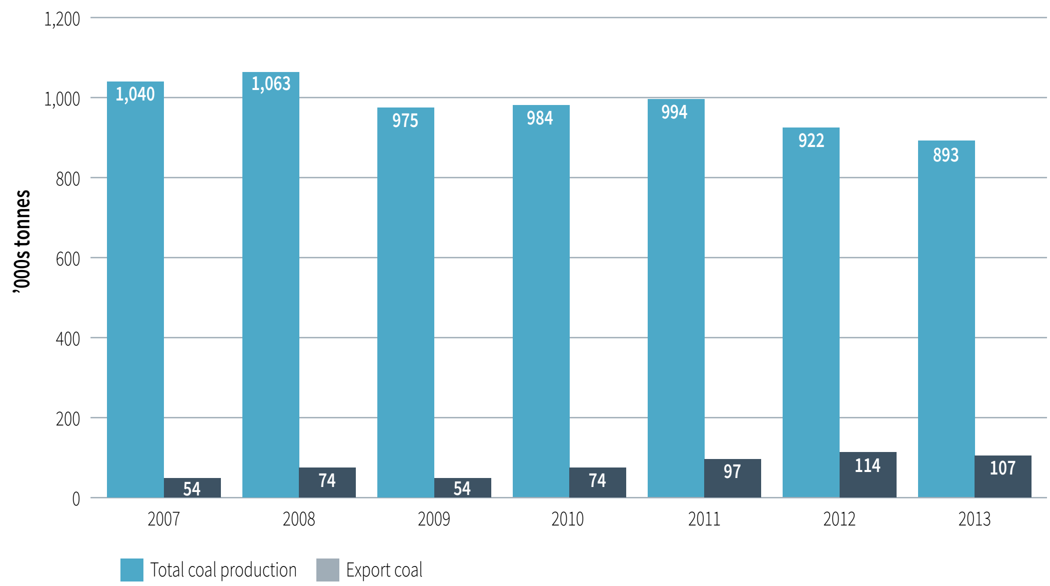

Figure 3

United States total coal production and export (Source EIA 2013)

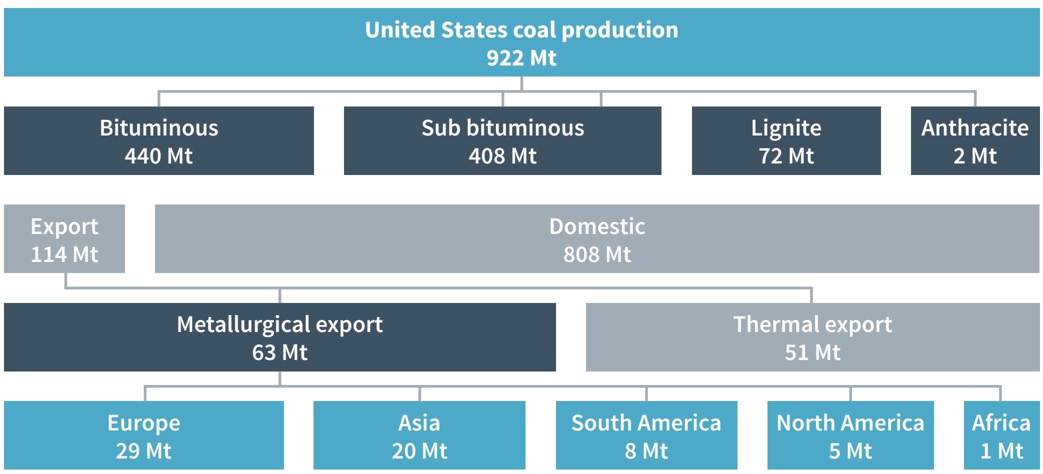

Figure 4

United States coal production and export volumes (Source EIA 2012)

In 2011–2012, the average annual production from 41 producing underground coal operations in Australia was 2.34 Mtpa versus the United States with 488 producing mines at 577 kilotonnes per annum (Ktpa) per operating mine.

"In 2011–12, thirty underground coal mines in New South Wales (including 20 longwall operations) produced 27.4 per cent of the state's 221 million tonnes of raw coal output, while in Queensland, eleven underground longwall mines (out of 55 operating mines in total) produced 35.4 million tonnes of the state's 249 million total raw coal output." Source: Australian Trade Commission – Underground Mining Industry Capability Report

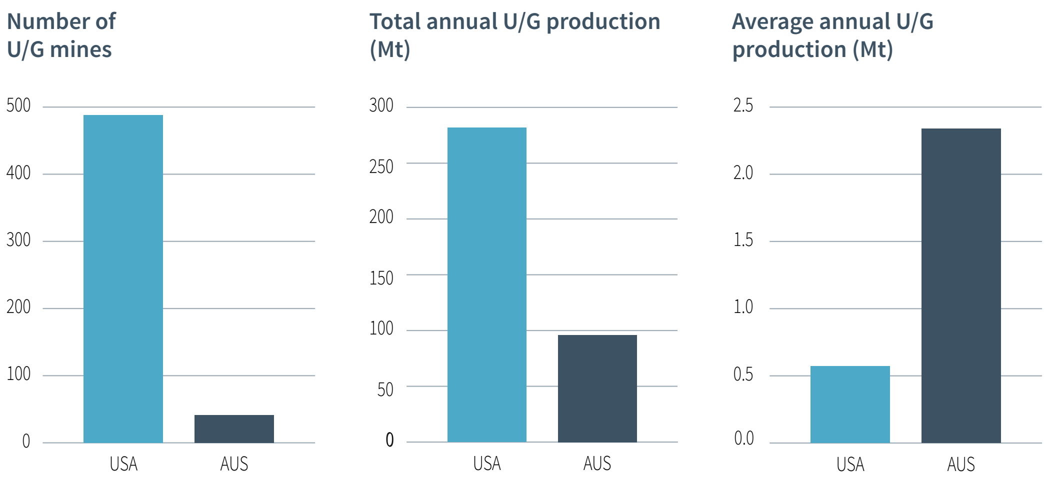

Figure 5

Size and number of underground operations in USA vs Australia (Source EIA 2012 and Austrade)

The business mindset in the Australian coal industry is focused on large scale operations supplying product to the international export markets versus the United States mindset that is centred on smaller operations supporting domestic consumption requirements. The data released in the *Resources and Energy Quarterly*, March Quarter 2014 by the Australian Government, Bureau of Resources and Energy Economics (BREE) showed that in 2013 Australian coal production and export figures were:

Table 1 – Australian Coal Statistics (BREE, Mar 2014)

2012–2013	Production (Mt)	Export (Mt)
Thermal coal	238.7	181.7
Metallurgical coal	158.1	154.2
Total coal production	**396.8**	**335.9**

North America has existing infrastructure capacity to meet growth in the export market. Currently North America has 245 Mt[2] of export port capacity. The Gulf States have in place an estimated 96 Mt of capacity, with the Company's preferred Gulf State being Louisiana, with 71 Mt of capacity. In February 2012, Platts reported that *"If all expected building and expansion work is completed, coal exports on the lower Mississippi River could reach 50 million st/year"*[3].

In comparison to the Australian mining industry, the North American coal industry has a significantly lower labour cost structure. In 2013, the mean average weekly labour cost for a coal miner in the United States was $1,034 (US$930[4]) versus $2,700 for a NSW coal miner. In the 2013 Annual Report issued by Coal Services, statistics from NSW coal operations which reported the performance of 55 operating mines (28 underground, 27 open cut) showed a decade long trend of declining productivity with increasing wage rates.

The Company seeks to leverage the structural cost advantage that a North American based operational asset brings to investors, with the operational and safety expertise that the Australian industry has developed as a major coal exporting country.

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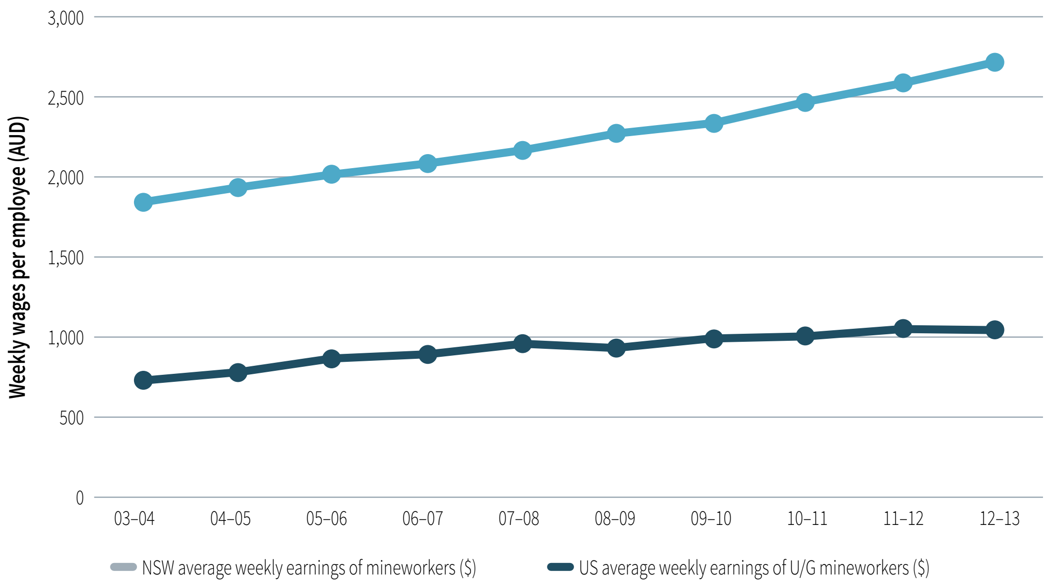
2 Volume excludes Nova Scotia port capacity and have been converted from short tons to metric tonnes. Source US Coal Export supported by the National Mining Association http://www.uscoalexports.org/data/Coal-Port-Capacity-and-Projections.pdf.

3 20 Feb 2012, Platts, "Another planned US Gulf Coast-region terminal open to coal exports".

4 United States Department of Labor, Bureau of Labor Statistics, Occupational Employment and Wages, May 2013, 53-7033 Loading Machine Operators, Underground Mining. Mean Average Hourly labour cost for a coal miner US$23.36 times 40 hours per week. Exchange rate of 1 AUD = USD 0.9 applied for the conversion.

Figure 6

NSW Coal worker productivity against AUS vs USA labour rates (Data source Coal Services 2013 Annual Report, US Department of Labor, Bureau of Labor Statistics)



The Company has identified the value proposition that North America offers as a low cost operating region with opportunities in the up-scaling of production volumes and the growth potential in the export market. Deploying Australian export business models to a North American low cost operating structure is one of the key investment advantages to which the Company exposes investors.

2.6 ASX COMPANIES IN NORTH AMERICA

Over the past two to three years, several ASX listed and unlisted companies have moved into North America. Companies include:

Company	ASX	Project	Coal Type	State
Atilla Resources	AYA	Kodiak	Coking	Alabama
Paringa Resources	PNL	Buck Creek	Thermal	Kentucky
		Arkoma	Coking	Arkansas
Jameson Resources	JAL	Crown Mountain	Coking	British Columbia
Atrum Coal	ATU	Groundhog	Anthracite	British Columbia
Ouro Mining Inc	Unlisted	Heavener	Coking	Oklahoma

2.7 USE OF FUNDS

Through this Offer, the majority of the proceeds will be allocated towards the initial staged acquisition of GCI, the owner of the P8 Mine, and to confirm the coal quality over the operating P8 Mine mining lease. Funds will also be allocated towards advancing the Company's exploration activities.

Table 2 – Use of funds

Activity	Minimum Subscription (30% of GCI acquired)	Maximum Subscription (47% of GCI acquired)
Cost of Acquisition	$800,000	$1,300,000
P8 Mine – quality and resource drilling	$400,000	$400,000
Tenement exploration	$400,000	$1,300,000
Feasibility – design and permitting	$400,000	$400,000
General and administration	$1,000,000	$1,000,000
Cost of the offer	$500,000	$600,000
Total use of funds	**$3,500,000**	**$5,000,000**

Summary of Projects

3

3.1 GCI AND THE P8 MINE

TOCC has entered into an agreement to acquire an initial 30% to 47% shareholding in GCI. The percentage interest will be determined by the amount of funds raised under the Offer, with the Company acquiring a 47% interest if the Offer is fully subscribed.

Additionally TOCC holds an option, exercisable subject to payment of further option fees, on or before 31 December 2015 to acquire up to an 80% Shareholding.

GCI has title and mining rights over Federal Coal Lease OKNM 91190 where the P8 Mine is located and where the P8 North mine is in operation. The mine extracts the Upper and Lower Hartshorne seams within of the Arkoma Basin. The USGS has identified the coal characteristics of the region as containing low-volatile bituminous coal.

The P8 North mine is the only operating underground mine in Oklahoma and has been in operation since 2010. Prior to opening the P8 North mine the management of GCI operated the adjacent P8 South underground mine from 2005, also within Federal Coal Lease OKNM 91190. GCI have a proven track record of sustainably operating an underground coal mine in the region for over 10 years.

Preliminary mining and economic evaluation, indicates there is the potential to uplift the underlying value of the asset by repurposing the mine from a thermal coal producer to an export metallurgical coal producer.

The value uplift could be achieved by purchasing an additional modified underground super-section production unit and the installation of a CHPP to produce export quality PCI coal. The operation has been modelled on a base case expansion scenario, increasing from 470 Ktpa ROM to a 1.25 Mtpa ROM, producing 620 Ktpa of export quality PCI and 125 Ktpa of thermal coal for the local domestic market.

It is envisaged that GCI would continue to fulfil a pre-existing contract obligation to supply the nearby coal fired power utility with minimum annual coal volumes.

COAL QUALITY

The P8 North mine is currently producing a high ash, 10,500 Btu/lb (5,837 kcal/kg) thermal product for sale to a nearby power generation facility in Oklahoma.

A range of testing conducted on raw coal and washed coal samples indicates the potential to produce a washed PCI coal product with thermal middlings produced from the waste stream. Raw coal sample testing in the mine shows a variable CSN across the active and mined lease area ranging from 3.5 to 8.

Table 3 – Coal quality P8 North mine (Hartshorne)

Sample #	Ash	Volatiles	Fixed carbon	Sulphur	Btu/Lb	CSN
Product s/p	5.4	14.13	71.4	1.04	13,300	8.2

Sample #	Ash	Volatiles	Fixed carbon	Sulphur	CSN	HGI	Ro Max
1.35 Float	5.8	16.5	77.7	1.04	3.5	97.8	1.88

RESOURCES – P8

P8 has quantified coal resources identified in three areas within the P8N federal coal lease. The resource areas are bound by geological features and mining lease boundaries.

Qualitative and quantitative work is planned to be undertaken at P8 to improve the classification of the resources to reserves.

As at February 2014 the JORC 2012 resource statement for P8 Mine is:

Table 4 – P8 JORC Resources

P8 Mine	Resources (Mt)
Measured	8.97
Indicated	4.37
Inferred	0.38
Total	13.72

To achieve a longer mine life, applications have been submitted and proposals are being prepared to secure additional mineral title over areas adjacent to the P8 Mine coal lease.

MINE PLAN AND DEVELOPMENT

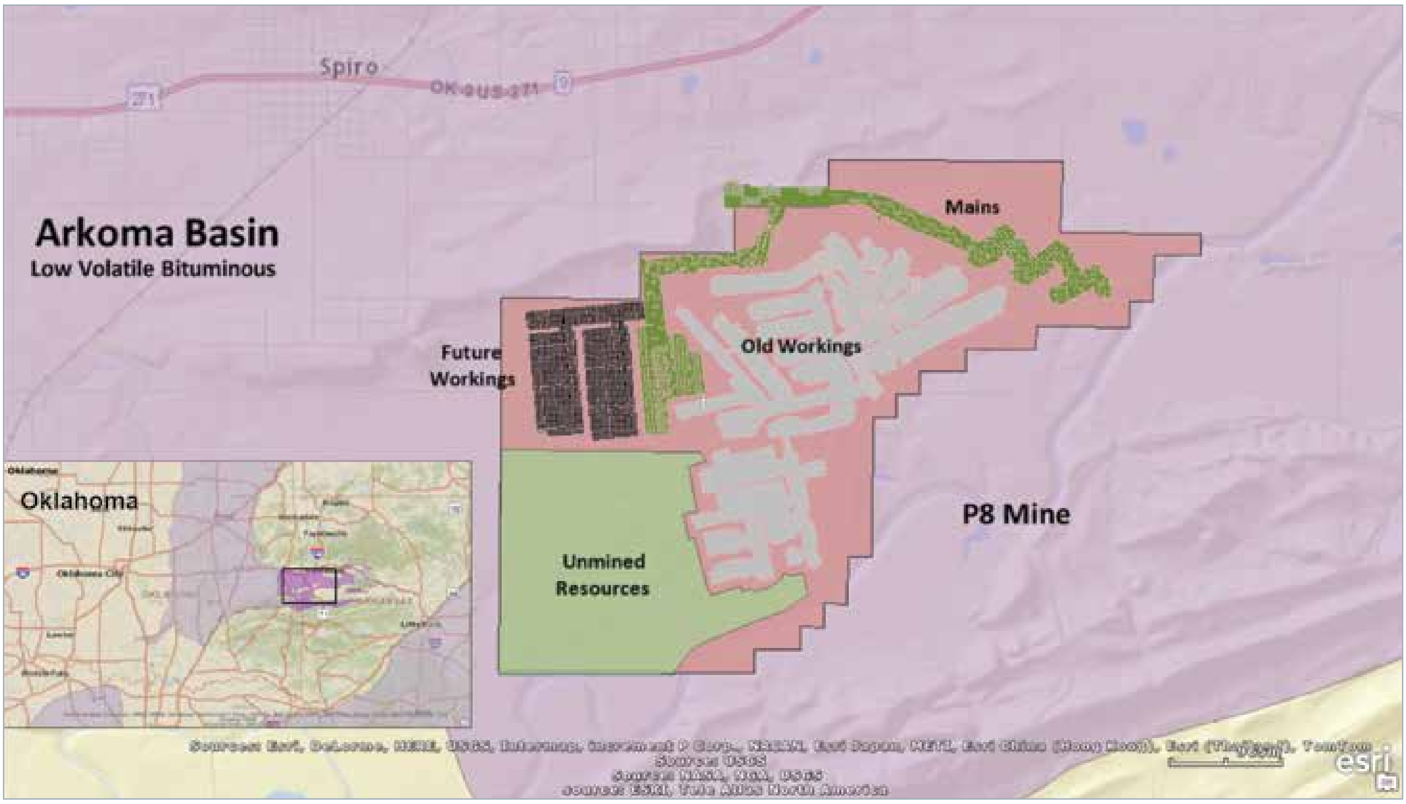
The P8 Mine uses a conventional bord and pillar operation to exploit the mineable reserves. At the production face, a modified super-section is in operation to maintain maximum output as the continuous miners advance through the Upper and Lower Hartshorne coal seams.

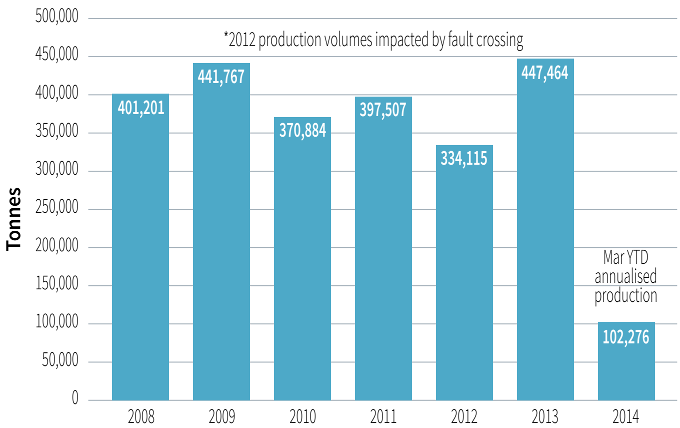
The P8 Mine operates via a contracting agreement with South Central Coal Company which employees a skilled workforce of 73 people.

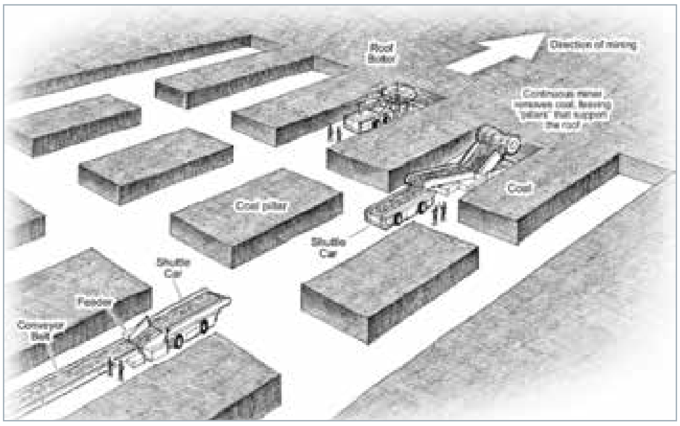
Under the expansion phase, the Company will install a CHPP within the existing lease and proximal to the current workings. Several options are available to locate the CHPP on the lease, including applying for a

Figure 7

Location of P8 Mine in the Arkoma Basin







modification to an existing permitted coal washing unit that exists at the P8 South mine, south west of the P8 North mine mouth. The Company will conduct a scoping studying that will include a cost/benefit analysis for the final location of the CHPP. This activity will be concurrently undertaken with an exploration program designed to better define the quality parameters of the resource.

GCI RESULTS

GCI generated revenues of US$20.0 million in the year ended 31 December 2012 and US$22.5 million for the year ended 31 December 2013. Total expenses including mine site cash costs, general and administrative costs and royalties are approximately US$19.8 million and US$21.6 million respectively, giving respective net results of US$ 0.2 million and US$0.9 million.

GCI has traditionally not paid dividends and has reinvested positive cash flow into its operations. The Company, who upon completion of the Offer will be a minority shareholder in GCI, understands that this policy will remain in place and accordingly does not anticipate receiving dividends from GCI in the immediate future.

INFRASTRUCTURE AND TRANSPORTATION

The P8 Mine is located 35 kilometres south of the coal barging river ports in Van Buren. The proximity of the mine to established transport infrastructure improves the capital efficiency of development and results in transportation costs being modelled at $20/tonne.

Under the proposed expansion, it is planned to export PCI quality metallurgical coal from the P8 Mine to the port terminals located on the banks of the Mississippi River, south of New Orleans, Louisiana. Coal will initially be transported by road and then onto barges down the Arkansas and Mississippi Rivers to the Gulf of Mexico.

The USA river system is an established and mature means of transporting bulk goods. The Arkansas Waterways Commission notes that on the Mississippi River, *"Approximately 200 million tons of commodities pass by the state on the waterway each year"*.

Clockwise from top left:

Figure 8

Aerial view of P8 North Mine:
1. Underground portal and decline
2. Surface stockpile
3. Minesite surface infrastructure

Figure 9

P8 Mine plan layout and production headings

Figure 10

Schematic bord and pillar operation

Figure 11

Historical production figures from P8 Mine

3.2 COAL LICENCES AND EXPLORATION TENURE – OVERVIEW

The Acquisition of TOCC by Metals Finance brings together a portfolio of assets located in established metallurgical coal basins throughout North America.

TOCC is the registered holder of six exploration tenements that are collectively known as the South Hazell and Elko projects. TOCC has a further six tenements that are in various stages of approval. Together these tenements contain JORC Code 2012, Exploration Targets of between 697 Mt and 1,031 Mt of in-situ coal.

The Coal Licences are situated in East Courtenay, British Columbia.

The exploration tenements under application are in the:

- Arkoma Basin within Oklahoma;
- the Raton Basin in Colorado; and
- the Peace River coal fields of British Columbia, Canada.

TOCC has submitted applications for exploration tenements to:

- the Bureau of Land Management (BLM) in Oklahoma and Colorado; and
- the Ministry of Energy and Mines in British Columbia.

The BLM and Ministry of Energy and Mines have both acknowledged receipt of the applications and confirmed the applications are being processed. The Company is not aware of any impediments to the applications being granted.

For an independent technical review on all the projects, please refer to Section 8 – Independent Technical Report that contains a summary of the "Independent Technical Report" prepared by Geos Mining. A full version of the report has been filed with ASIC and may also be viewed at www.metalsfinance.com.

JORC (2004) Exploration Targets have been defined for seven of the eight tenements.

Figure 12

P8 Mine and river route to Gulf Export Terminals

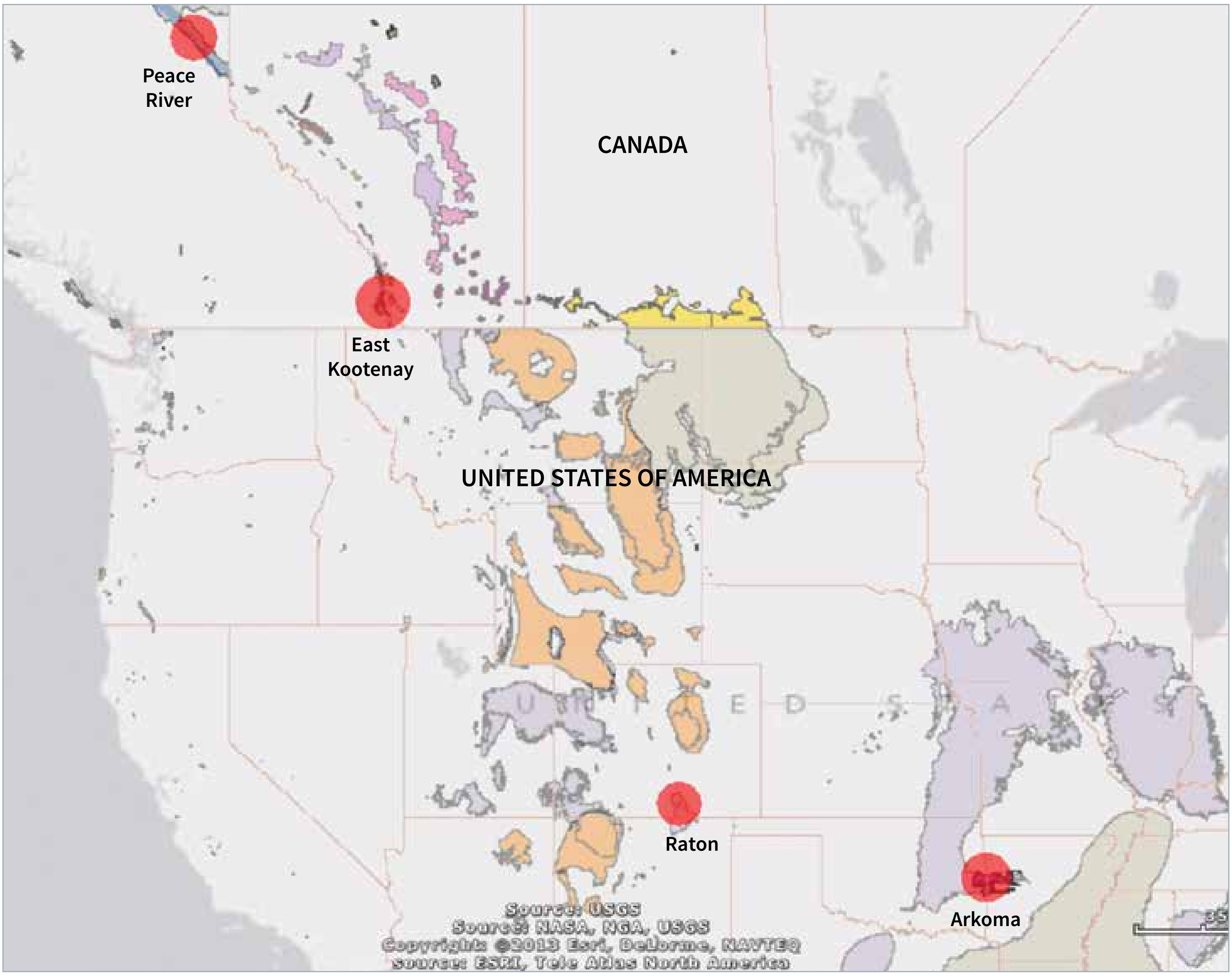
Table 5 – Summary of resource potential on the Company's assets

Project	Status	Region	Basin/ coal field	Coal type	Exploration Target (Mt)
Resources					
P8 Mine	Mining Lease	OK	Arkoma	Metallurgical & energy	13.7[5]
JORC Exploration Targets					
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**

5 JORC 2012 Resource estimation by Highland GeoComputing – Feb 2014

Figure 13

Location of projects and major coal basins in North America



3.3 OKLAHOMA TENEMENTS

The Company is the applicant for four exploration tenements within the Arkoma Basin of Oklahoma. Funds from the Offer will be allocated towards a targeted regional exploration program aimed at delineating the lower and upper Hartshorne coal which produces a proven export metallurgical coal product.

The tenements the Company is advancing are:

- Howe
- Hartford
- Bokoshe
- Lafayette

The Company will leverage off local partnerships to assist in the advancement and potential development of these tenements.

EXPLORATION TARGETS AND COAL QUALITY

The report of the Independent Technical Expert indicates coal depths to the Lower Hartshorne seams in the exploration areas will range from subcrop (10–15 metres) to approximately 450 metres.

The data analysed for the preparation of the Independent Technical Report reports confirmed that there is reasonable potential for the delineation of metallurgical coal, both PCI and Coking, from the target areas.

Staged exploration will aim to identify definitive coal quality parameters and from this develop JORC Code compliant Resource statements for the project areas.

A summary of Exploration Target reports is provided in Table 6.

Figure 14
Location of Oklahoma tenements and regional coal quality

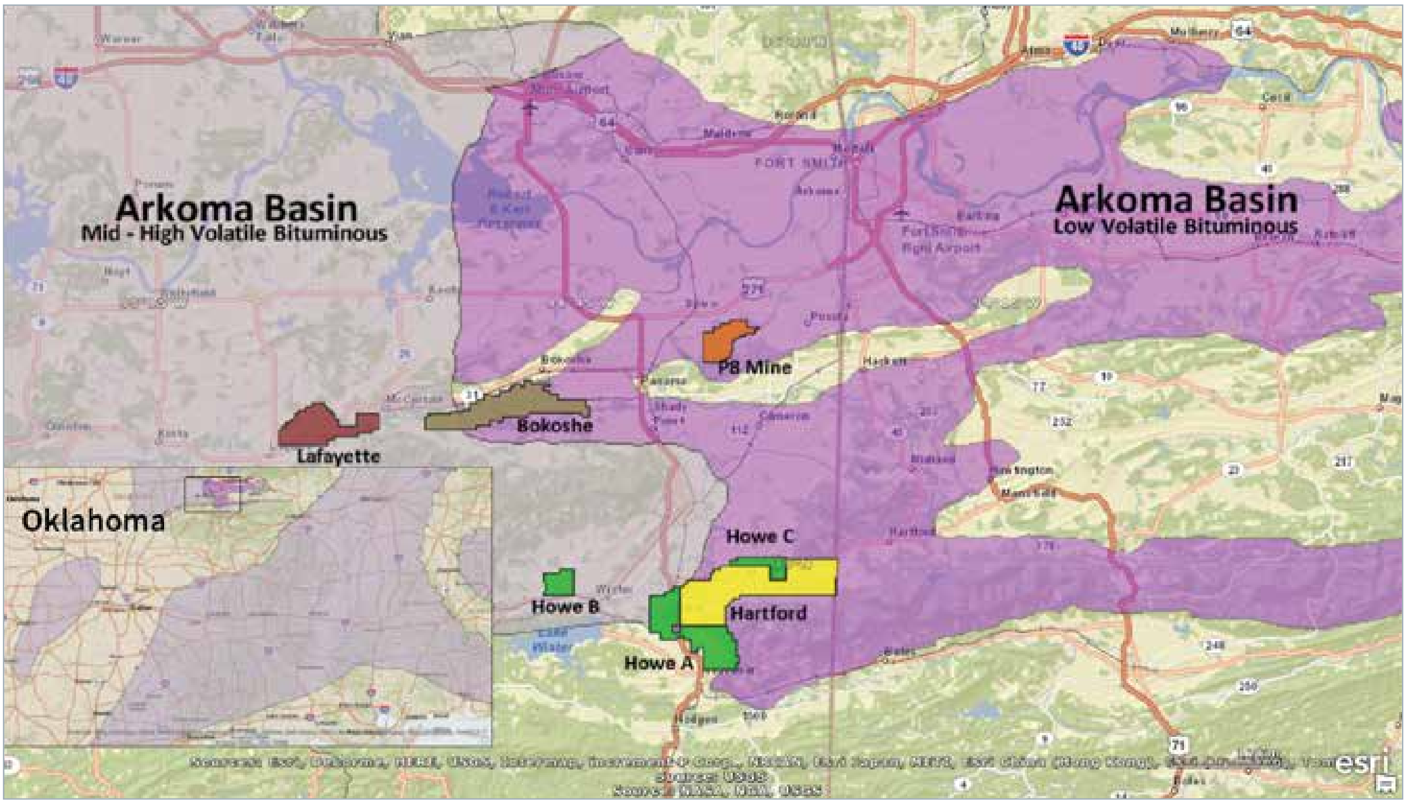


Table 6 – Exploration Target coal quality (as received basis) Oklahoma Hartshorne, (D Kinnes, Highland GeoComputing, TOCC JORC Code Exploration Target summary report April 2013 and January 2014)

Exploration area	Exploration Target (MT)	Total moisture	Ash	Volatile matter	kcal/kg	Sulphur	CSN
Howe	59–94	0.5–4.6	5.3–10.1	14.2–24.4	7,815	0.7–1.4	9–9
Hartford	87–117	0.8–6.8	2.5–9.4	17.2–22.1	7,855	0.5–2.2	5.5–9
Bokoshe	93–140	0.6–6.8	2.5–16.5	17.2–25.8	7,643	0.5–4.9	1.5–9
Lafayette	41– 54	0.5–4.6	5.3–10.1	142–24.4	7,813	0.7–1.4	9–9
Total	**280–405**						

INFRASTRUCTURE

Barge inland waterways

Oklahoma has the cost effective advantage of an extensive network of river ports and a barge transport system. This transport system is used for the transport of a range of bulk commodities including coal from the Arkoma Basin to the ports and mid streaming facilities along the Mississippi River in Louisiana.

Rail

Oklahoma has an existing rail network that can be utilized to transport coal from the mine to ports in the Gulf of Mexico and Mexico providing a number of export paths.

Water and power

Oklahoma has existing power distribution networks and access to water through the extensive lakes and waterways within different counties.

Regional business area

The tenements are in close proximity to the regional centre of Fort Smith.

3.4 COLORADO – LEFT FORK

In August 2012, TOCC filed for a federal coal exploration license with the United States Bureau of Land Management (BLM) in Las Animas County, Colorado, referred to as the Left Fork project area. The application covers 16,363 acres in the Raton Basin in Southern Colorado and the coal seams of the Raton and Vermejo formations are the targets for exploration and development.

The Left Fork exploration license is located approximately 6 kilometres northwest of the city of Trinidad, 2 kilometres north of the town of Cokedale, and 11 kilometres southwest of the Ludlow exit on Interstate-25.

Geological evaluation by the Company has determined that the region provides potential for further exploration to identify and delineate zones of economic viability for extraction by underground methods.

EXPLORATION TARGETS AND COAL QUALITY

The Company's investigations indicate coal depths to the Raton and Lower Vermejo coal measures in the Left Fork exploration areas will range from subcrop (surface) to approximately 450 metres. The data analysed for the Exploration Target report confirmed that there is reasonable potential for the delineation of metallurgical coking coal from the target area.

Staged exploration will aim to identify definitive coal quality parameters and from this develop JORC Code compliant Resource statements for the project areas over the next 12–18 months.

A summary of Exploration Target report is provided in Table 7.

The coals of the Raton Basin are generally low in sulphur and are known to have favourable coking characteristics in Las Animas County.

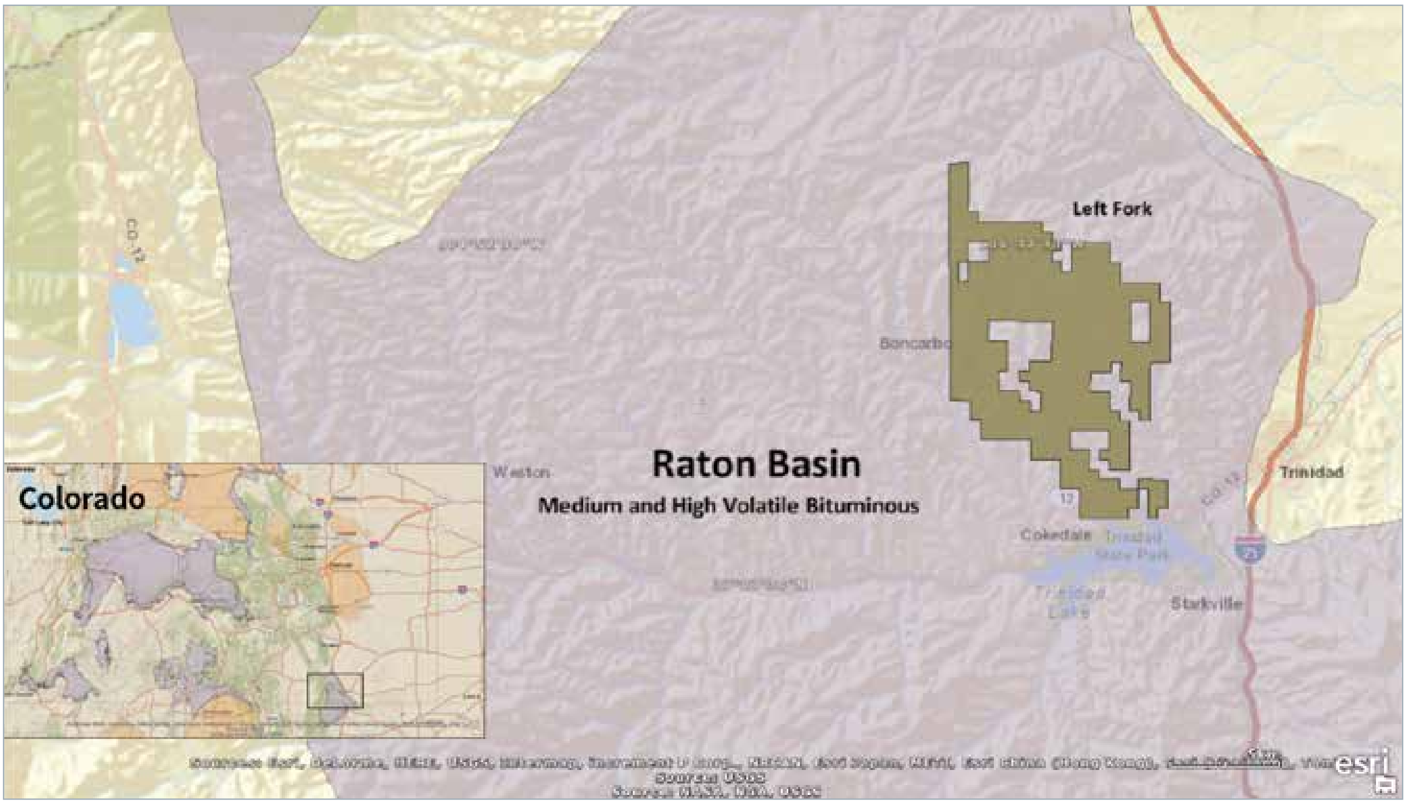


Figure 15

Location of Left Fork, Colorado within the Raton Basin

Table 7 – Exploration Targets and quality range from CGS Historical Mine Database

Seam/ coal zone	Exploration Target (MT)	Total moisture	Ash	Volatile matter	Avg kcal/kg	Sulphur	CSN
Range of 9 seams	135–202	0.8–6.4	6.6–39	18.7–39.6	7038	0.3–2.5	1–8

INFRASTRUCTURE

The tenement is within 10 kilometres of the town of Trinidad, and has existing rail and road infrastructure within 10 kilometres of the exploration project boundary. Union Pacific and Burlington Northern Santa Fe rail lines run through the County with a coal loading facility located at the nearby town of Jansen.

3.5 BRITISH COLUMBIA

The Company has been granted Coal Licences in the Kootenay region of British Columbia. This location provides ready access to existing port, rail and road infrastructure with established routes to export markets. The Company's focus is on areas within the region that contain current production of metallurgical and high-energy thermal coals.

The Coal Licences have only recently been granted and further review and ground surveys will be undertaken to define Stage 1 exploration plans for each project and potential routes to the export market.

British Columbia is a preferred investment location for the Company as the province contains the necessary natural resources, infrastructure, skills and business environment the Company is seeking. These highlights are broadly identified as:

Highlights	Summary
Skills base	Existing skilled labour pool
Coking/PCI coal	Peace River and Kootenay Coal basins
Kootenay	Produces coking/PCI and thermal coal for the export market

Highlights	Summary
Business environment	Supportive business, government and regulatory environments
High quality coal	Quality metallurgical/PCI and thermal coal deposits; multiple seam stratigraphy with a number of target seams
Geological conditions	Complex geology, amenable to open cut mining with multiple seams ranging from 1m - 8m thickness
Existing infrastructure	Power, railways, labour, and services
Port capacity	Established and expanding port facilities on the west coast of BC, Pacific Gateway – Ridley Terminal (Prince Rupert), West Shore and Neptune Terminals (Vancouver)

The Company has lodged two Coal Licence applications in the Peace River region. The Company is working with the provincial government and the applications are currently being reviewed by the BC provincial Department of Energy and Mines as part of the approvals process.

BRITISH COLUMBIA – KOOTENAY – ELKO

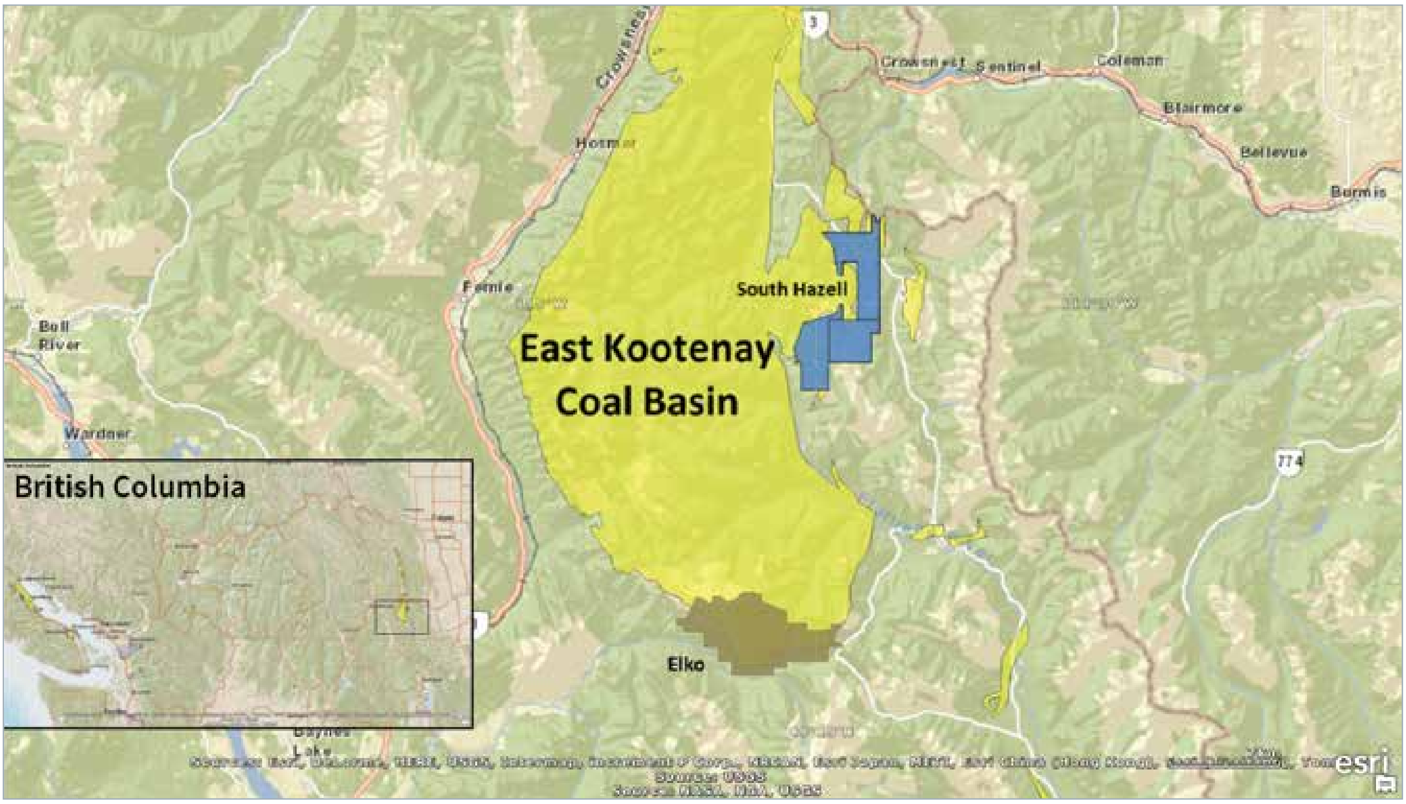
In January 2013, TOCC filed three coal exploration licenses with the British Columbia Ministry of Energy and Mines covering the Elko project area. These applications were granted and Coal Licences issued on 19 September 2014. The Elko Coal Licences are in the southern portion of the Kootenay coal region and lie within an area bordered to the east by the Cline Mining Lodgepole project, to the North by the Flathead watershed and to the west by the Dominion coal block. The Elko project area consists of the three exploration licenses covering a total area of approximately 2,995 ha.

The East Kootenay Coalfields comprise three separate fields extending from the Montana border northward and known respectively as Flathead, Crowsnest, and Elk Valley Coalfields. Coal quality ranks from low to high-volatile A bituminous though most of the coal is medium-volatile bituminous and of metallurgical grade.

The Elko project area is located approximately 30 kilometres south east of the town of Fernie, British Columbia.

Figure 16

Elko and South Hazell tenement in the East Kootenay Coal Basin



EXPLORATION TARGETS AND COAL QUALITY – KOOTENAY – ELKO

In the Elko area of the Crowsnest Coalfield, B.C. Coal performed nearly all of the exploration within the project area. The Company has used the results from the B.C Coal exploration work as the basis for exploration target quality estimates.

The Company used the coal quality data from a B.C. Coal core hole and from the Cline Lodgepole coal project to determine target quality estimates.

Table 8 – Exploration tonnage estimates and estimated product coal quality estimated from the adjacent Cline Lodgepole project @ 1.5 Float SG

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

BRITISH COLUMBIA – KOOTENAY – SOUTH HAZELL

In March 2012, TOCC filed three applications for Coal Licenses with the British Columbia Ministry of Energy and Mines referenced as the South Hazell project area covering a total area of approximately 2,685 ha. Coal Licences were granted on 19 September 2014 in respect of these applications. The South Hazell exploration licenses reside in two areas known as the Taylor South area and the Tent Mountain area in the Land district of Kootenay in the Fort Steel Mining Division.

The South Hazell project area is located approximately 23 kilometres east-south-east of the town of Fernie, British Columbia and approximately 10.5 kilometres south-west of the Corbin, British Columbia town site. The South Hazell Coal Licenses are also situated adjacent to the Dominion Coal Block.

EXPLORATION TARGETS AND COAL QUALITY – KOOTENAY – SOUTH HAZELL

The range of quality identified is:

Table 9 – Exploration tonnage estimates and estimated product coal quality from the Coleman 1976 Exploration Drilling Project

Seam	Exploration Target (MT)	Ash	Volatile matter	kcal/kg	CSN
Total (Range)	57.2–85.8	5.7–13.2	25.6–29.6	7,289–7,910	3.5–5

INFRASTRUCTURE

Operating mining projects in British Columbia have access to an established rail network and the largest coal terminals on the west coast of North America. The ports are equipped with modern bulk commodity handling facilities and strategically located to supply the Pacific and Asian markets.

3.6 PEACE RIVER

TOCC has lodged two Coal Exploration Licence applications on prospective areas in North East British Columbia, Peace River (Clifford – 418179 and South Core – 418181). The region is well known for the production of premium metallurgical coal from existing mining operations and it is also a region of exploration activity due to the recent discoveries of large coking coal deposits. The applications are in close proximity to rail infrastructure that connects the basin to export ports on the west coast.

COAL QUALITY

The major coal bearing formations in the region exhibit a range of medium volatile bituminous coal characteristics. These are mainly associated with hard coking coal and low to medium volatile bituminous coal with the ability to produce both a hard coking coal and pulverised coal injection (PCI) product.

Table 10 – Typical Coal Quality Peace River – adb (Source BC Mines and Energy)

kcal/kg	Ash	Moisture	Sulphur	Volatile Matter	Fixed Carbon	CSN/FSI
6,900–8,200	5.0 –11.0	0.6–3.2	0.4–0.8	13.2–31.0	40.8–70.1	2–7

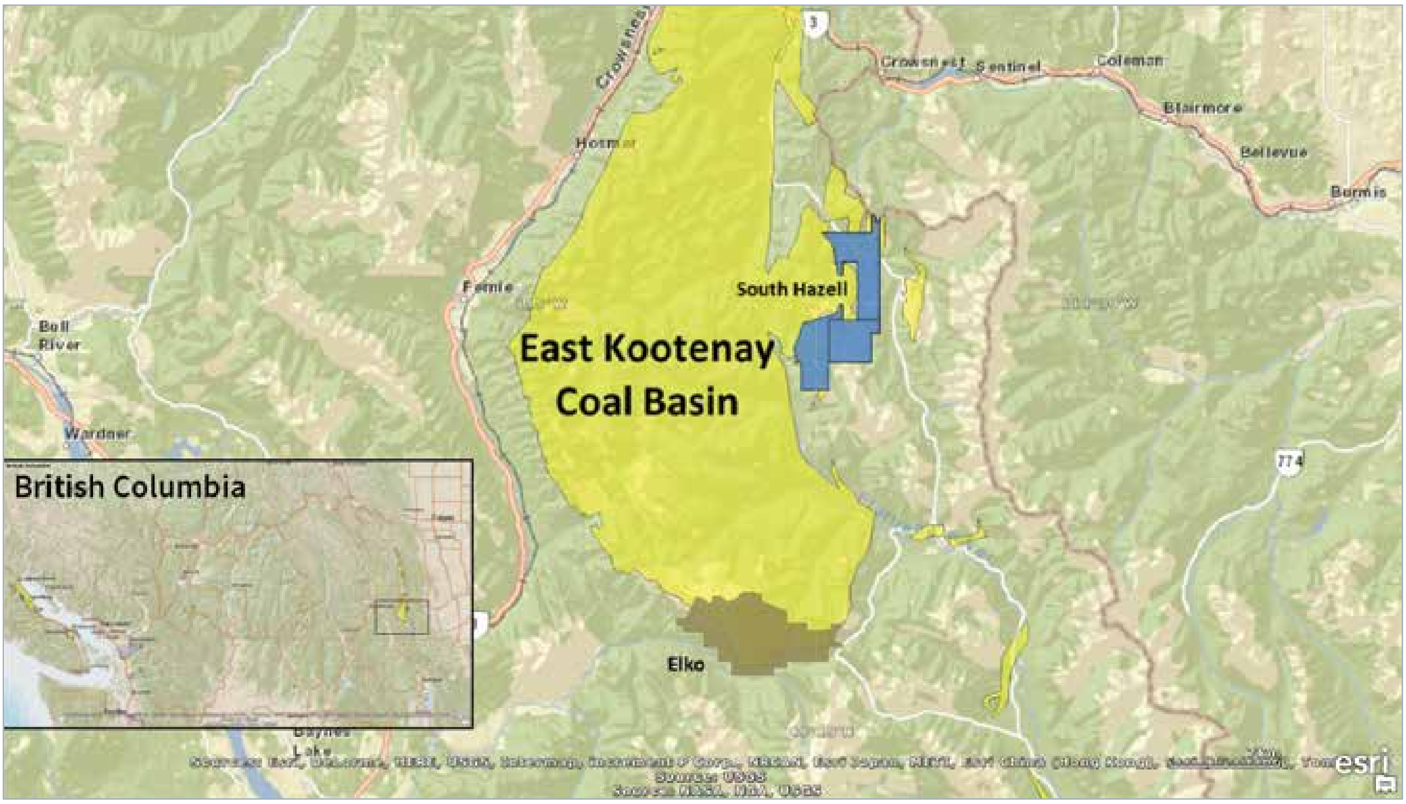


Figure 17

Wapiti tenements in the Peace Rive Coal Basin

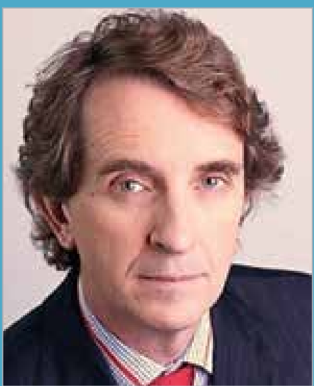
4

Key People, Interests and Benefits

4.1 BOARD OF DIRECTORS

The Directors bring to the Board relevant expertise and skills, including mining industry and business knowledge, project development, financial management, international coal marketing and corporate governance.

Geoffrey Hill



Rick Anthon

Simon Bird

GEOFFREY HILL
Chairman, B.Econ (SYD), MBA (NSW), FFIN, FCPA, FAICD

Mr Geoffrey Hill currently serves as the Chairman of Metals Finance Limited and is a founder and the Chairman of Texas and Oklahoma Coal Company. Mr Hill has over 30 years' experience in merchant banking with extensive experience in the resources industry. Mr Hill has acted or worked for many Australian resource companies including Santos, Woodside, Exxon, Bell Resources, Rio Tinto and New Hope Mining. Mr Hill has served on the Boards of ASX listed Mount Gibson Ltd, Centrex Metals Ltd, Outback Metals Ltd and Hills Holdings Ltd. Mr Hill currently holds positions on the Boards of Heritage Gold NZ Ltd (ASX:HTM) and Broken Hill Prospecting Ltd (ASX:BHL).

Mr Hill is the founder of Bancorp Holdings Limited, a former MD of Morgan Grenfell Australia and a former Director of Morgan Grenfell PLC, a founding Partner and MD of Pitt Capital Partners.

Mr Hill is currently the Executive Chairman of International Pacific Securities Limited Group (IPS), Chairman of Hong Kong Administrative Services Limited (HKAS), a Partner of Hill Sherlock and Willis (Sydney), and Chairman of Australasian Investment Holdings Limited (Singapore). Mr Hill is a Director and founder of Asian Property Services Limited and Asian Property Investments Limited and a Non-Executive Chairman of Parry International Trading. Mr Hill is the Hong Kong Representative of Lagerkvist & Partners, Sweden.

Mr Hill is a current member of RHKYC and WPO Hong Kong Chapter in Hong Kong, and a member of the Australian Union, Royal Sydney Yacht Squadron and CYCA in Sydney.

Subscribers should be aware that Mr Hill is Chairman of Metals Finance Limited and Texas and Oklahoma Coal Co Limited. Mr Hill is registered as a significant shareholder in Metals Finance and is a shareholder in Texas and Oklahoma Coal Co Limited.

RICK ANTHON
Director, BA (ANU), LLB (ANU), MAICD

Mr Rick Anthon currently serves as a non-executive Director on the Board of Metals Finance. Mr Anthon is a practicing lawyer with 30 years' experience in corporate and commercial law. Mr Anthon has particular expertise in the mining exploration, mineral development, resources and energy sectors.

Mr Anthon combines legal knowledge with the commercial experiences he has gained through sitting on the Boards of publicly listed companies. Mr Anthon has an extensive background in the acquisition and development of resource projects, in addition to recent work that has focused on venture capital raisings and IPOs, where he has undertaken team leadership by combining legal, compliance and project management roles.

Mr Anthon is currently the Chair of ASX listed Bass Metals Ltd (ASX:BSM), along with the charitable organisation Rali Foundation. Mr Anthon is a non-executive Director of Laneway Resources Ltd (ASX:LNY) and Stratum Metals Ltd (ASX:SXT).

SIMON BIRD
Director, B.Compt (University of South Africa), B.Compt (Hons) (University of South Africa), FCPA, FAICD

Mr Simon Bird currently serves as a non-executive Director on the Board of Metals Finance. Mr Bird is an accomplished senior executive and company director with over 30 years' experience in Africa, Europe and Australia.

Mr Bird has a broad base knowledge of the resources sector that covers oil and gas, bulk commodities and metals. Mr Bird is currently an independent non-executive Director of ASX listed Mount Gibson Iron Ltd and is the Chairman of Rawson Resources Ltd. Mr Bird provides strategic and financial consulting services to the Boards of other ASX listed and private companies.

Mr Bird's' career includes six years with PricewaterhouseCoopers and time in the resources, financial services, property, infrastructure and agricultural sectors. Previous executive roles include Chief Financial Officer positions at Stockland, GrainCorp and Wizard Mortgage Corporation, as well as senior roles at BNP Paribas and Ampolex. Mr Bird served as Director and CEO of King Island Scheelite up to 2013. Mr Bird was a former Director of CPA Australia Ltd and Kosciusko Alpine Club Ltd.

Subject to the successful completion of the Offer the following TOCC Directors will be appointed to the board of the Company.

PAUL CHAPPELL
Director, B.Com (Newcastle), FCPA, MAICD

Mr Paul Chappell currently serves as a non-executive Director on the Board of Texas and Oklahoma Coal Company.

Mr Chappell has over 20 years' experience as a commodity trader in international markets. Mr Chappell has an in-depth knowledge of the coal sector, with a focus on the downstream application of metallurgical and thermal coal and the value-in-use of coal products to end-user customers.

Mr Chappell has held executive and Board level positions with operating coal companies and commodity trading groups. Mr Chappell has served on the Board of ASX listed Cockatoo Coal Ltd (ASX:COK) and the international coal trading company SSM Coal B.V, which was acquired by Oxbow Carbon & Minerals LLC in 2007.

Mr Chappell is the Principal of Peragis Pty Ltd, providing consulting services to the resource industry on sourcing, exporting and marketing commodities. Mr Chappell focuses particularly on solid fuels sector and has extensive international experience.

GARY COCHRANE
Director, B.Eng (Civil), Grad Dip Mining (Ballarat), MBA (Deakin), Global Energy Executive MBA (Calgary), GAICD

Mr Gary Cochrane has 30 years experience in the mining, engineering and construction industry in Australia, China, Indonesia and Papua New Guinea. He has had senior management and technical roles at operating mines in Australia and Papua New Guinea.

Mr Cochrane has spent the last 17 years as an international mining and management consultant to the coal and hard rock mining industries. Mr Cochrane is a regular commentator on coal industry strategic supply and demand positions and coal investment opportunities and is a regular speaker at international coal conferences in Australia, China, and Indonesia.

Mr Cochrane was a founding investor and former director of Millennium Coal. He is also Chairman of Bounty Mining Ltd and EcoTech Mining Ltd.

IAN MORGAN
Company Secretary, B Bus (NSW Institute OF Technology), M Comm Law (Macquarie), Grad Dip App Fin (Securities Institute), CA, ACIS, MAICD, F.Fin

Mr Ian Morgan is the Company Secretary of Metals Finance. Ian is a Chartered Accountant and Company Secretary with initial experience working for a major international accounting firm.

Ian's experience includes 11 years as an independent specialist consultant supplying company secretarial services to clients, including effective management of compliance to enable Australian listed public companies to comply with Australian Law including ASIC and ASX requirements.

Ian spent seven years as Managing Director of Corporate and Administrative Services and Financial Controller/Company Secretary of the Republic Group, a boutique merchant bank. He has also worked as Group Financial Controller/ Financial Accountant for various listed and other public companies including Green's Foods Limited, Foxtel and AKZO Chemicals Limited.

Paul Chappell

Gary Cochrane

Ian Morgan

4.2 MANAGEMENT

MARK SYKES
Chief Executive Officer, B.Eng (Mining) (WASM), MNEC (Macquarie)

Mr Mark Sykes currently serves as the Chief Executive Officer of Metals Finance. Mr Sykes has over 20 years' experience in the mining industry, having held operational and corporate positions with Tier 1 mining companies. Mr Sykes' career includes time with BHP in an operational capacity and with Mitsubishi Corporation's resource investment division.

Mr Sykes has extensive experience with joint venture partners, including the development of uranium, iron ore and nickel projects along with the investment and growth of BMA's coking coal assets and Coal & Allied's thermal coal assets. Mr Sykes has cross-border transactional experience in North and South America and has conducted due diligence on a range of commodities with extensive coal experience.

Mr Sykes brings exceptional experience in areas of corporate and strategic development, transactional due diligence, operations, technical engineering and project management. Mr Sykes has previously held roles as a Director of the Australian Uranium Association and several private resource projects. Mr Sykes is currently a non-executive Director of ASX listed Bass Metals Ltd (ASX:BSM).

DOM HILL
Vice President, BBUS, ADIP

Mr Dom Hill is a founder of Texas and Oklahoma Coal Company and currently serves as an executive Director on the Board. Mr Hill has over 10 years' experience in the investment and advertising sectors and more recently in the US coal and energy sector. Mr Hill is based in Dallas, Texas and has lived in the USA since 2005.

Mr Hill has been with TOCC since its inception in 2011 and established the Dallas Office for the company. During his time with TOCC he has been responsible for the development of TOCC's business base and exploration programs. As Vice President, Mr Hills' responsibilities include business development, strategic due diligence, industry research and analysis, relationship management and deal execution.

Prior to joining TOCC, Mr Hill worked as a consultant in the marketing, web development and IT industries throughout North America and as an editor with Sydney-based GP Young and Rubicam, a full-service global advertising agency.

4.3 REMUNERATION

NON-EXECUTIVE DIRECTORS REMUNERATION

The Directors decide the total amount paid to each Director as remuneration for their service. Under ASX listing rules the total amount paid to all non-executive directors must not exceed in total in any financial year the amount fixed in a general meeting of Metals Finance.

The total amount not to be exceeded is currently $250,000. Annual Directors fees agreed to be paid are $67,500 to the Chairman, and $32,700 to each of the other non-executive Directors annually. All Directors' fees include superannuation at the statutory rate.

Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate, where a Director performs extra work or services which are not in their capacity as a Director of Metals Finance.

There are no retirement benefit schemes for Directors.

MARK SYKES – CHIEF EXECUTIVE OFFICER

Mr Sykes is the Chief Executive Officer of the Company. Mr Sykes reports to the Board and is employed on a full time basis.

Mr Sykes is entitled to the following remuneration package, which is subject to annual review:

- An annual base salary of $300,000, plus statutory Superannuation.
- Short Term Incentive equal to 40% of base salary, payable on achieving milestones as set by the Board.

- Long Term Incentive entitling Mr Sykes to participate in the Company's Employee Share and Incentive Plan via an Employee Remuneration Trust or similar structure as agreed and prepared by the Company. Mr Sykes will be entitled to receive Share Units equivalent to 3,000,000 shares upon reaching milestones agreed with the Company and awarded over three equal tranches of 1,000,000 Share Units per tranche.

The Company will only pay a Short Term Incentive amount that is in accordance with the Corporations Act, Listing Rules and the Company's remuneration policies and which is appropriate having regard to the Company's size, operations and industry practice.

The Company may terminate the employment agreement at any time without prior notice in the event of any serious or persistent breach of the material provisions of the employment agreement or serious misconduct or gross neglect or incompetence in the discharge of duties by Mr Sykes. Either party can terminate the agreement at any time with three months' written notice.

The Company will reimburse Mr Sykes for all reasonable expenses incurred in the performance of his duties. The agreement contains standard confidentiality, change of control, and other clauses expected to be included in an agreement of this type.

4.4 SHAREHOLDINGS OF DIRECTORS

Directors and their related parties will hold the following Shares and Options upon completion of the Offer:

Name	Shares	Options	Voting power (%)	
			Minimum Subscription	Maximum Subscription
Geoff Hill	15,939,325	6.633,733	19.7	18
Rick Anthon	171,667	171,667	0.2	0.2
Simon Bird	143,333	143,333	0.2	0.2
Paul Chappell	1,555,556	1,466,667	1.9	1.8
Gary Cochrane	2,500,000	2,000,000	3.1	2.8

Please also refer to Section 4.12.

4.5 DEEDS OF ACCESS, INDEMNITY AND INSURANCE

The Company has entered into deeds of indemnity, insurance and access with the Directors on standard terms for directors of public listed companies. Under each deed, the Company has undertaken, to the extent permitted by law, to indemnify each Director in certain circumstances and to maintain insurance cover in favour of the Director for seven years after the Director has ceased to be a Director. The Company has agreed to provide access to records of the Company while the person is a Director and each ceases to be a Director, where such access is required in connection with potential or actual legal proceedings or regulatory action involving the Director.

4.6 STATEMENT OF INTERESTS

Other than as stated in Sections 1, 4.4 and 4.7 and elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in the Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;
- promoter of the Company; or
- underwriter to the Offer;

holds or has held at any time in the two years before the lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- the Offer of the Company's Shares; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer.

No amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to any such persons in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or to qualify as, a Director of the Company.

The Directors are not required to hold any Shares or Options under the provisions of the Company's Constitution.

4.7 INTERESTS OF ADVISERS

Rick Anthon Lawyer have acted as Australian legal advisers to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately $65,000, excluding disbursements and GST, for these services up until the Prospectus Date. Further amounts may be paid to Rick Anthon Lawyer in accordance with its normal time-based charges.

Hall Chadwick has acted as Investigating Accountant and has prepared the Investigating Accountant's Report and has performed work in relation to due diligence enquiries. The Company has paid, or agreed to pay, approximately $30,000, (excluding disbursements and GST) for the above services up until the Prospectus Date.

Geos Mining has acted as Independent Technical Expert and has prepared the Independent Technical and Geological Report – Section 8. The Company has paid, or agreed to pay, approximately $45,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Geos Mining have provided a summary of the Independent Technical and Geological Report, included in this Prospectus while a full version can be found at www.metalsfinance.com.

Patersons, as Lead Manager to the Offer, will be entitled to fees described in Section 11.5 for its services.

KS Capital is entitled to a fee of $30,000 and 500,000 Options for advisory services.

4.8 CORPORATE GOVERNANCE

The main policies and practices adopted by the Company are summarised below. In addition, many governance elements are contained in the Constitution of the Company. The Group code of conduct outlines how the Group expects Directors and personnel to behave and conduct business in a range of circumstances. In particular, the code requires awareness of, and compliance with, laws and regulations relevant to the Group's operations, including occupational health and safety, risk management, privacy and employment and diversity practices. Details of the Group's key policies and practices and the charters for the Board and each of its committees are available at www.metalsfinance.com.

The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations (Recommendations) for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. Under the ASX Listing Rules, the Company is required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Group does not follow a ASX Recommendation, it must identify the ASX Recommendation that has not been followed and give reasons for not following it.

4.9 THE BOARD OF DIRECTORS

The Board adheres to strict Corporate Governance practices in accordance with its corporate charter, a copy of which is provided on the company website, www.metalsfinance.com.

The Board of the Company consists of a majority of independent Non-Executive Directors.

Position	Director's Name	Date appointed to Position
Non-Executive Chairman	Geoff Hill	Appointed 9 March 2007
Independent Non-Executive Director	Rick Anthon	Appointed 7 October 2009
Independent Non-Executive Director	Simon Bird	Appointed 3 July 2010
Independent Non-Executive Director	Gary Cochrane	To be appointed on relisting
Independent Non-Executive Director	Paul Chappell	To be appointed on relisting

Detailed biographies of the Board members are provided in Section 4.1.

4.10 BOARD CHARTER AND RESPONSIBILITY

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.

The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by officers to whom the management function is properly delegated by the CEO). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate.

The Board collectively, and individual Directors, may seek independent professional advice at the Company's expense, subject to the approval of the Chairman or the Board as a whole.

4.11 BOARD COMMITTEES

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit, Remuneration and Nomination Committees. Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

Under the Board Charter, Board committee performance evaluations will occur annually.

AUDIT COMMITTEE

Under its charter, this committee must have at least two members, a majority of whom (including the chairman) must be independent and all of whom must be non-executive Directors. Currently Messrs Simon Bird and Rick Anthon are members of this committee. Mr Simon Bird acts as Chairman of the committee.

The Committee's primary function is to approve all financial statements issued by the Company and to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company.

REMUNERATION COMMITTEE

Under its charter, this committee must have at least two members and the chairman must be an independent Director. Currently Mr Rick Anthon and Mr Geoff Hill are members of this committee. Mr Rick Anthon acts as chairman.

The main function of the committee is to review the remuneration policies and practices if the Company and make recommendations to the Board.

NOMINATIONS COMMITTEE

The Board considers that given the current size, scale and level of complexity of the Company's operations, it is not presently justified to set up a discrete Nominations Committee. The Board as a whole will therefore operate as a Nominations Committee.

When the Board considers that the size and scale of the Company justify it, the Nominations Committee would be established as a discrete committee bound by this charter and consisting of:

- a majority of independent directors;
- a Chairperson who is an Independent Director; and
- three members, but where there are not three or more non-executive directors of the Company, the Board may appoint executive Directors to the Committee.

The Committee is responsible for assisting in relation to the appointment of members to the Board and of senior management and the review of the performance of such persons.

CORPORATE ETHICS POLICY

Directors are subject to certain stringent legal requirements regulating conduct both in terms of their internal conduct as Directors and in their external dealings with third parties both on their own behalf and on behalf of the Company.

The Company has adopted a Corporate Ethics Policy.

Each Director is required to comply strictly with legal, statutory and equitable duties as an officer of the Company.

SECURITIES TRADING POLICY

The Company strongly encourages its key management personnel to become Shareholders in the Company. However, when a key management person trades in securities of the Company it is important to ensure that these transactions do not reflect badly on either the key management person or the Company. A section of the Corporate Ethics Policy is designed to ensure that key management personnel do not deal in securities of the Company at inappropriate times or in inappropriate circumstances.

When buying or selling securities in the Company, key management personnel must ensure that they do not contravene the insider provisions contained in the Corporations Act.

As a general policy, before engaging in transactions involving securities of the Company, a key management person must notify a designated Director of the intended transaction at least 24 hours beforehand.

The Company's policy regarding dealings by key management personnel in the Company's securities is that key management personnel should never engage in short term trading and should not enter into transactions when they are in possession of price sensitive information, or during a Prohibited Period:

A prohibited period is:

- any closed period; or
- additional periods imposed by the Company from time to time when the Company is considering matters which are subject to Listing Rule 3.1A.

A closed period is a period of 15 business days prior to release by the Company of half yearly and annual reports.

DIVERSITY POLICY

The Company has adopted a diversity policy.

The Company believes that ensuring diversity is not only fundamental to its future growth and progress, but is an integral part of all its business activities worldwide.

SHAREHOLDER COMMUNICATIONS POLICY

The Company is committed to observing its disclosure obligations under ASX Listing Rules and the Corporations Act. The Company has adopted a policy which establishes procedures aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. The Company's market announcements are released on the ASX market announcements platform and then made available on the Company's website, www.metalsfinance.com.

RISK MANAGEMENT POLICY

The identification and proper management of the Company's risks is an important priority of the Board. The Company has adopted a risk management policy appropriate for its business. The Board ensures that the necessary controls are in place to maintain its risk policies.

4.12 DIRECTOR RELATED PARTY TRANSACTIONS

Geoff Hill is a director of the Company and he and his related parties are Shareholders in the Company. Mr Hill is also a director of TOCC and he and his related parties are shareholders and optionholders in TOCC. The Company has contracted with the shareholders of TOCC to acquire their shares in exchange for the issue to them of Shares and Options pursuant to the terms of the Acquisition. Parties related to Mr Hill will as a consequence receive 14,722,225 Shares and 5,416,671 Options upon the successful completion of the Offer.

Mr Paul Chappell is a director and shareholder of TOCC and it is intended that he will be appointed as a director of the Company at the completion of the Offer. As a result of the Acquisition Mr Chappell will receive, upon successful completion of the Offer, 1,555,556 Shares and 1,466,667 Options in exchange for his shares and options in TOCC.

Mr Gary Cochrane is a director and shareholder of TOCC and it is intended that he will be appointed as a director of the Company at the completion of the Offer. As a result of the Acquisition Mr Cochrane will receive, upon successful completion of the Offer, 2,500,000 Shares and 2,000,000 Options in exchange for his shares and options in TOCC.

The issue of the Shares and Options set out above is conditional upon obtaining necessary Shareholder approvals required under the Listing Rule and the Corporations pursuant to the Resolutions.

Mr Rick Anthon is the principal of Rick Anthon Lawyer, the lawyers to the Offer. Rick Anthon Lawyer will be paid fees or services on normal commercial terms.

JORC 2012 Exploration Targets 697–1031 Mt In-situ Coal

Risk Factors

5

5.1 INTRODUCTION

An investment in the Company involves various risks and should be considered speculative. There are a number of factors that may have a material adverse effect on the Group's future operating and financial performance.

The Group's business activities are subject to risk factors both specific to its business activities and of a general nature. If any of the risks associated with the Group materialise, the business, results of operations, financial position and prospects could be materially and adversely affected, which could result in the loss of all or part of your investment. The principal risk factors are described below. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many are outside the control of the Group and cannot be mitigated.

Prospective investors should carefully consider the risk factors described below, together with all other information contained in this Prospectus. If any of these risks and uncertainties, together with the possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Group's business, actually occur, the Group's business, financial position or operating results could be materially and adversely affected.

In addition, the Company's Shares are expected to be listed on the ASX, where their price may rise or fall. The Shares may trade below the Offer Price. Factors that may affect the market price of the Shares include variations in general or industry-specific market conditions.

It should be noted that the list is not exhaustive and that certain other risk factors may apply.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Prospectus before you decide whether to apply for Shares. You should also seek your own professional advice in relation to the risks associated with an investment in the Company and should make your own assessment as to whether to invest in the Company.

5.2 SPECIFIC BUSINESS RISKS

COAL PRICES

Substantial changes to coal markets, coal prices and other macroeconomic factors including foreign exchange rates, could have an adverse impact on the commercial viability of exploiting coal reserves.

RESERVES AND RESOURCE ESTIMATES

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans, which may, in turn, adversely affect the Group's operations.

COAL QUALITY RISKS

Actual coal qualities produced during the life of the mine may vary from those expected currently, which are based on resource drilling to date.

OPERATIONAL RISKS

The P8 Mine will carry material operating risks including potential risk of sub-standard coal quality specifications, outbursts or spontaneous combustion from gas within the coal seam, mining and processing technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure and industrial and environmental accidents.

DEVELOPMENT AND OPERATIONAL COST RISKS

The capital expenditure required to develop coal projects may differ from the expectations of the Group set out in Section 2 – Business Overview. In addition, actual operational costs may differ from current estimates. Variations in capital or operating expenditure may result in material impacts on future profitability.

INFRASTRUCTURE RISK

There is no guarantee that suitable and affordable truck, rail barge and port capacity will be available to commercially export coal.

KEY PERSONNEL

The Group may be adversely affected if any of the Directors or management leaves the Group. This is because the Group might not be able to replace them with persons of equivalent expertise and experience within a reasonable period of time or at all and the Group may incur additional expenses to recruit, train and retain personnel.

LABOUR RISKS

There is a risk that the Group will be unable to attract the skilled labour force necessary for an underground coal project of this nature. In addition the Group's operations may be adversely affected by labour disputes or changes in Canadian or US labour laws. Significant labour disputes, work stoppages, increased employee expenses because of collective bargaining and the cost of compliance with labour laws could disrupt operations and affect the profitability of the prospecting rights and any future mining and exploration activities undertaken by the Group.

APPROVALS, LICENCES AND EASEMENTS

The Group does not have some key approvals necessary to complete future planned developments. Failure to obtain, or delays in obtaining and maintaining approvals, mining tenements, licences and easements required to develop and operate, may adversely affect the Group.

TITLE RISK

Coal licences are governed by legislation relating to grant, renewal and forfeiture. There is no guarantee that current or future applications, conversions or renewals of tenure will be approved. The Group's coal licences will be subject to a number of specific legislative conditions including payment of rent and meeting minimum annual expenditure commitments. The inability to meet these conditions in relation to the coal licences could affect the standing of the coal licences or restrict their ability to be renewed, adversely affecting the operations, financial position and performance of the Group.

ENVIRONMENTAL RISKS

Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, there is a risk of an adverse environmental event occurring which could impact production or delay future development timetables and may subject the Group to substantial penalties including fines, damages, clean-up costs or other penalties.

OCCUPATIONAL HEALTH AND SAFETY RISKS

The Group is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Mining activities have inherent risks and hazards. The Group provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.

FUTURE FINANCING

There can be no assurance that any future financing required by the Group to support proposed development plans will be available on satisfactory terms or at all. The inability to obtain funding could adversely affect the Group and result in a default in tenement obligations and forfeiture of permits or licences if not remedied.

FOREIGN EXCHANGE RISKS

Any revenue received by the Group would likely be in US dollars derived from the sale of coal and the Group's operating expenses would be incurred principally in Canadian Dollars. Coal is sold throughout the world based principally on a US dollar price, however domestically within Canada, the coal price is set in Canadian Dollars. Furthermore the income and expenditure accounts will initially be prepared in Australian dollars (AUD). Therefore, Australian dollar reported revenue will be directly impacted by movements in the US dollar coal price, the Canadian Dollar coal price and the USD/AUD and CAD/AUD exchange rates. Movements in the USD/AUD or CAD/AUD exchange rates and/or the US dollar coal price or Canadian Dollar coal price may adversely or beneficially affect the Group's results or operations and cash flows.

INSURANCE

Insurance against all risks associated with coal production is not always available or affordable. The Group will maintain insurance where it is considered appropriate for its needs, however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

EXPLORATION RISK

There can be no guarantee that the Group's exploration and evaluation work will successfully identify sufficient economically recoverable coal reserves. The current drilling program may encounter unforeseen faulting or dipping of seams, or higher gas content than expected, which could negatively impact project economics.

LITIGATION RISK

GCI has advised that it is currently involved in litigation with a neighboring landowner who is claiming royalties from GCI in respect of coal allegedly wrongfully extracted from the landowners property. GCI is contesting the claim which is currently before the courts In Oklahoma. No date has been set for determination of the proceedings. GCI has provisioned for the claim and has advised that its insurers are considering indemnifying GCI in respect of the claim. However a materially adverse resolution of the claim, while not considered likely, may materially impact upon the revenues of GCI in any year in which any claim was to be paid.

CHANGES IN LEGISLATION AND GOVERNMENT REGULATION

There may be adverse changes to current regulations in Australia, America or Canada, including the introduction of additional environmental regulations such as a carbon pollution reduction scheme or emissions trading legislation.

COAL REGULATION IN AMERICA AND CANADA

The coal industry in the US is extensively regulated. Extensive federal, state, local and foreign laws and regulations relating to the exploration for and development, production, gathering and marketing of coal will affect the Group's operations. From time to time, regulatory agencies have imposed price controls and limitations on production. Compliance with existing and anticipated regulation may increase costs.

MAJOR SHAREHOLDERS

Following the Offer, between 29.4% (minimum Offer) and 26.9% (maximum Offer) of the Company's issued share capital will be held by related parties and senior management. As such, new investors may have limited ability to influence the management, operation and control of the Group.

LIQUIDITY RISKS

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few buyers or sellers of the Shares on ASX at any given time. This may affect the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

5.3 GENERAL RISKS

The Group is exposed to a number of general risks that could adversely affect the Group's assets and liabilities, financial position, profits and prospects. These general risks include, but are not limited to, the following:

SHARE MARKET RISKS

Share prices, as quoted on the ASX, are volatile in that they might rise or fall and might trade at prices below or above the Offer Price or any subsequent purchase price or the underlying value of the Group's assets. The Shares offered pursuant to the Offer carry no guarantee with respect to a return on capital, dividends or the price at which the Shares will trade, nor can there be any assurances given that an active trading market will develop for the Shares over time. If you are in any doubt as to whether you should invest in Shares in the Company you should seek advice from your stockbroker, accountant or independent financial adviser.

INVESTMENT RISK

There are significant risks associated with any security market investment. In the case of the Shares, these include:

- the Shares may trade on the securities market at, above or below the Offer Price;
- there is no indication of the prices at which Shares may trade , or of the liquidity of the market for Shares;
- the market price of the Shares may be affected by factors unrelated to the operating performance of the Group, such as general economic risks, investor sentiment, Australian and international security market conditions, and the performance of other resource companies. The stock prices for many listed entities have in recent times been subject to wide fluctuations; and
- there is no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

ECONOMIC AND POLITICAL RISK

Changes in the general economic (which by their nature are cyclical and are subject to change) and political climate in the USA, Canada, Australia and on a global basis that could impact on economic growth, the coal industry and interest rates, the rate of inflation, taxation and tariff laws and domestic security, may affect the value and viability of any coal production activity that may be conducted by the Group.

REFINANCING RISK

Entities review their refinancing options on debt facilities on a periodic basis and may arrange the refinancing of all or part of those facilities prior to maturity. Shareholders are exposed to the risk that the Group may not be able to repay or refinance its debt facilities as they fall due or that refinancing is only available on terms materially worse to the current terms.

In such cases the Group may have to raise further debt or issue further equity or dispose of some or all of the assets of the Group to raise funds to repay or refinance its debt facilities. The ability to repay or refinance and the terms of any refinancing may affect the value of, and returns from, an investment in the Shares.

CHANGE IN CAPITAL STRUCTURE

Changes in the capital structure of the Group, for example from the raising of further debt or the issue of further equity to repay or refinance debt facilities.

CHANGE IN LAWS

Changes in laws (including tax laws) or their interpretation may affect the value of, and returns from, an investment in the Shares. For instance, changes in the taxation treatment of companies may adversely affect the market price of the Group.

ACCOUNTING STANDARDS

Australian accounting standards are set by the Australian Accounting Standards Board and are outside the Directors' and the Group's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Group's financial statements.

TAXATION

Changes to taxes imposed on the Group are likely to affect Shareholder returns. In addition, an interpretation of Australian, American and Canadian taxation laws that differs to the Group's interpretation may lead to increased taxation liabilities.

IMPACT OF HOSTILITIES, TERRORISM OR OTHER FORCE MAJEURE EVENTS

War, other hostilities, terrorism or major catastrophes can adversely affect global market conditions. Such events can have direct and indirect impacts on the Group's business and earnings.

North America

Details of the Offer

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6.1 THE OFFER

The Offer comprises the Offer of New Securities by the Company. A maximum of 25,000,000 Shares and a minimum of 17,500,000 Shares is being offered under the Offer. The Company will also issue a free attaching Option, exercisable at 25 cents each on or before 31 December 2017 for every Share applied for.

All Shares will be issued at the Offer Price. If the Maximum Subscription is met, the total number of Shares on issue at the completion of the Offer will be 88,359,580. All Shares will rank equally with each other.

The Offer comprises the Offer and Top Up Offer to Shareholders as at the Top Up Offer Record Date.

6.2 THE TOP UP OFFER

The Company will offer Shares with attaching Options in priority to Shareholders registered as holding less than 10,000 Shares (post-consolidation) as at the Top Up Offer Record Date (**Eligible Shareholders**), to increase each of their holdings to a value of at least $2,000.

The priority given to each Shareholder will be in respect of a minimum of that number of New Securities required to increase the Shareholder's total shareholding in the Company to 10,000 Shares (post-consolidation). Eligible Shareholders will receive a personalised Application Form setting out their individual application amount.

New Securities are offered to each Eligible Shareholder on a first-come, first served basis (**Entitlement**). To the extent that any Eligible Shareholders apply for more than their Entitlement and there remains a balance of New Securities out of the Top Up Offer pool, the Company will, at the Directors' discretion, allocate the balance of New Securities to those Applicants.

To the extent that subscriptions from an Eligible Shareholder under the Top Up Offer exceed 10,000 Shares in total, the Directors will treat an Application for excess New Securities as an Application for New Securities under the Offer.

Directors retain absolute discretion when deciding whether or not to accept any particular Application in part or in full and will not be liable to any Eligible Shareholder who is not allocated New Securities.

If any of the New Securities available for Eligible Shareholders are not applied for by 5.00pm on the Top Up Offer Closing Date, those New Securities will form part of the Offer.

All Shareholders may apply for New Securities under the Offer.

Applicants should note that the Directors retain an overriding right to do any of the following at their discretion in relation to the Public Offer:

- Accept an Application in full;
- Accept an Application in respect of a lesser number of Shares than applied for; or
- Decline an Application in part or in full.

6.3 PURPOSE OF THE OFFER

The Offer is expected to raise a maximum of $5,000,000 for the Company. Proceeds received by the Company for the issue of Shares pursuant to the Offer will provide the Company with:

- a liquid market for its Shares and an opportunity for others to invest in Shares in the Company;
- additional financial flexibility to pursue the growth opportunities outlined in Section 3 through improved access to capital markets.
- raise capital to fund acquisitions; and
- establish an ownership structure that will facilitate the continued growth of the Company's business.

6.4 PRO-FORMA CONSOLIDATED BALANCE SHEET

The Company's pro-forma Consolidated Balance Sheet following completion of the Offer, including details of the pro-forma adjustments, is set out in Section 7.

6.5 CAPITAL STRUCTURE

	Minimum Offer ($3,500,000)	Maximum Offer ($5,000,000)
Offer Price	$0.20	$0.20
Shares on issue at the date of this Prospectus	73,109,576	73,109,576
Shares on issue to shareholders of the Company following the consolidation of the shares of the Company	7,310,958	7,310,958
Shares to be issued to TOCC shareholders	56,048,622	56,048,622
Shares available under the Offer	**17,500,000**	**25,000,000**
Total number of Shares on issue following the Offer	80,859,580	88,359,580
Amount to be raised under the Offer	**$3,500,000**	**$5,000,000**
Options on issue at the date of this Prospectus	0	0
Options on issue following the consolidation of the Shares of the Company	7,310,958	7,310,958
Options to be issued to TOCC optionholders	9,750,000	9,750,000
Options to be issued to TOCC shareholders	16,814,605	16,814,605
Options issued to Advisors	500,000	500,000
Options available under the Offer	**17,500,000**	**25,000,000**
Total number of Options on issue following the Offer	51,875,563	59,375,563
Market capitalisation at the Offer Price	**$16,171,916**	**$17,671,916**

All Shares being offered under this Prospectus rank equally with each other and with existing Shares. The rights attaching to the Shares and Options are summarised in this Section 6.

On Listing the Company will have a market capitalisation at the Offer Price of between $16,171,916 (Minimum Subscription) and $17,671,916 (Maximum Subscription). Further details are included in the Key Offer Information on page 7 of this Prospectus.

6.6 CAPITAL ADEQUACY

The Directors believe that on Listing, the Company will have sufficient funds available from the cash proceeds of the Offer to fulfil the purposes of the Offer and meet the Company's stated business objectives.

6.7 KEY TERMS AND CONDITIONS OF THE OFFER

The key terms and conditions of the Offer are summarised below:

Topic	Summary
What is the type of security being offered?	Shares, being fully paid ordinary Shares in the Company. The Company will also issue a free attaching Option, exercisable at 25 cents each on or before 31 December 2017 for every Share applied for.
What are the rights and liabilities attached to the New Securities being offered?	A description of the Shares and Options, including the rights and liabilities attaching to them, is set out in Section 6.12 and 6.13 below.
What is the consideration payable for each security being offered?	The Offer Price is $0.20 per Share.
Minimum Application	Applications for Shares must be for a minimum of 10,000 Shares (equal to $2,000 payable on application), and thereafter in multiples of 2,500 Shares (equal to $500 payable on application).
What is the Offer Period?	The key dates, including details of the Offer period, are set out in Important Dates on page 7.
What are the cash proceeds to be raised?	A minimum of $3,500,000 and a maximum of $5,000,000 will be raised by the Company if the Offer proceeds.
Top Up Offer	Top Up Applications must be for at least that number of New Securities which would increase a shareholding to a parcel of 10,000 Shares (post Consolidation), at an issue price of $0.20 (20 cents) per Share.
Will the New Securities be listed?	The Company will apply for relisting of the Shares and the Options ASX. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.
When are the securities expected to commence trading?	The contracts formed on acceptance of applications and confirmations of allocations will be conditional on ASX agreeing to quote the Shares on ASX, and on issue occurring. Trades occurring on ASX before issue occurring will be conditional on allotment issue. It is the responsibility of each applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the Company Offer Information Line, by a broker or otherwise.
Is the Offer underwritten?	No.
Are there any taxation considerations?	Refer to Section 11.6.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by applicants on acquisition of Shares under the Offer. See Section 11.5 for details of various fees payable by the Company to the Lead Manager.
What should you do with any enquiries?	Call the Company on 02 9252 5300 from 8.30am until 5.30pm, Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

6.8 CONDITIONS OF THE OFFER

The Offer is conditional on each of the following matters being satisfied:

- Shareholders approving all of the relevant Resolutions put to them at the General Meeting of the Company;
- a minimum subscription under the Offer of $3,500,000 having being achieved;
- ASX approving the reinstatement of the Shares to Quotation; and
- Acquisition completion having occurred.

No Shares will be issued under this Prospectus unless each of the above conditions is satisfied.

6.9 QUOTATION OF SHARES AND OPTIONS ON THE ASX

The Offer is conditional upon the Company and its Shares being reinstated to Quotation.

The Company is already admitted to the Official List of ASX. However, trading in the Shares will be suspended as of the date of the General Meeting until the Company re-complies with all of the requirements under Chapters 1 and 2 of the Listing Rules.

Reinstatement of Quotation is at the discretion of ASX and will be subject to compliance by the Company with the Listing Rules and the Corporations Act.

The Company will apply to the ASX for Quotation of Shares, including Shares issued under this Prospectus, no later than seven days after the date of this Prospectus. The Company will also apply for the Quotation of the Options. If the Company does not make such an application within seven days after the date of this Prospectus, or the Shares are not reinstated to Quotation within three months of the date of this Prospectus (or any longer period permitted by law), the Offer will be cancelled and all Application Money will be refunded without interest in accordance with the Corporations Act.

6.10 RESTRICTED SECURITIES

Subject to the Shares being reinstated to Quotation, some of the Shares and Options are likely to be classified by ASX as restricted and will be required to be held in escrow for up to 24 Months. The holders of any Shares and Options that ASX classifies as restricted securities will be required to enter appropriate restriction agreements with the Company prior to the Company's Shares being reinstated to Quotation.

6.11 CHESS AND ISSUER SPONSORED HOLDINGS

The Company will apply to participate in ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Security holder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements at the end of each month if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

6.12 SUMMARY OF RIGHTS AND LIABILITIES ATTACHING TO SHARES AND OTHER PROVISIONS OF THE COMPANY'S CONSTITUTION

The rights attaching to ownership of the Shares arise from a combination of the Constitution, the Listing Rules, the Corporations Act and general law.

A brief summary of certain provisions of the Constitution and the significant rights attaching to Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of ASX. The Constitution may be inspected during normal business hours at the registered address of the Company.

SHARES

Subject to the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Company may issue, or grant options in respect of further shares on such terms and conditions as the Directors resolve.

ALTERATION OF RIGHTS

The rights and restrictions attaching to any class of shares (unless provided by the terms of issue of the shares of that class), can only be varied with the consent in writing of members with at least three-quarters of the votes in that class, or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class.

CALLS

The Board may from time to time call upon Shareholders for unpaid monies on their Shares, although this will not be relevant to the fully paid Shares being issued under this Prospectus. If such a call is made, Shareholders are liable to pay the amount of each call in the manner and at the time and place specified by the Board. Such calls may be payable by instalments, as determined by the Board. When a resolution of the Board authorising the call is passed, the call will be deemed to have been made. It may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

The Company is empowered to forfeit Shares in relation to any part of allotment monies, calls, instalments, interest and expenses which remains unpaid following any notice sent to a Shareholder. Such forfeiture must occur in accordance with the Constitution, the Corporations Act and the Listing Rules. The Company has a first ranking lien or charge for unpaid calls, instalments and related interest and any amount it is legally required to pay in relation to a Shareholder's Shares. The lien or charge extends to all dividends declared in respect of the Shares, provided that if the Company registers a transfer of any Shares subject to this lien or charge without giving the transferee notice of the claim it may have at that time, the Shares are freed and discharged from the Company's lien or charge in respect to that claim.

SHARE TRANSFERS

Shares may be transferred in any manner required or permitted by the Listing Rules or the ASX Settlement Operating Rules and by any instrument in writing in any usual or common form or in any other form that the Board approves. The Board may refuse to register a transfer of securities of the Company if permitted or required by the Listing Rules or the ASX Settlement Operating Rules.

NO SHARE CERTIFICATES

Subject to the requirements of the Listing Rules and the Corporations Act, the Company need not issue Share certificates.

MEETINGS

Each Shareholder and Director of the Company is entitled to receive notice of and attend any general meeting of the Company. Two Shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a Chairman and an adjournment, unless the quorum required is present at the start of the business. The Company is obliged to convene and hold an annual general meeting in accordance with the Corporations Act.

VOTING RIGHTS

Each Shareholder has the right to receive notices of and to attend all general meetings of the Company. Subject to restrictions on voting from time to time affecting any class of shares in the Company and any restrictions imposed by the Corporations Act, each Share in the Company carries the right to cast one vote on a show of hands and on a poll, one vote for each fully paid Share held and for each partly paid share held, a vote having the same proportionate value as the proportion to which the Share has been paid up. Voting may be in person or by proxy, attorney or representative.

6.13 SUMMARY OF RIGHTS AND LIABILITIES ATTACHING TO THE OPTIONS

ENTITLEMENT

The Options entitle the holder to subscribe for one Share upon exercise of each Option.

EXERCISE PRICE

The exercise price of each Option is 25 cents.

EXPIRY DATE

Each Option has an expiry date of 31 December 2017.

EXERCISE PERIOD

The Options are only exercisable during the exercise period (being from the date of issue to the expiry date set out in the Terms and Conditions of Options section).

NOTICE OF EXERCISE

The Options may be exercised by notice in writing to the Company. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

TIMING OF ISSUE OF SHARES

After an Option is validly exercised, the Company must, within, 20 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the option:

- issue and allot the Shares; and
- do all such acts matters and things to obtain the grant of Official Quotation of the Shares on ASX no later than five Business Days after issuing the Shares.

SHARES ISSUED ON EXERCISE

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

OFFICIAL QUOTATION OF SHARES ON EXERCISE

Application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the Options.

OFFICIAL QUOTATION OF OPTIONS

Application for Official Quotation of the Options will be made by the Company.

PARTICIPATION IN NEW ISSUES

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced. This will give holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

ADJUSTMENT FOR BONUS ISSUES OF SHARES

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

(a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and

(b) no change will be made to the Exercise Price.

ADJUSTMENT FOR RIGHTS ISSUE

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{(N+1)}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the five trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

ADJUSTMENTS FOR REORGANISATION

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders will be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

OPTIONS TRANSFERABLE

The Options are transferable.

6.14 WITHDRAWAL OF THE OFFER

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Offer at any time before the allotment and issue of Shares to successful Applicants. If the Offer does not proceed, the Company will return all Application Money within 21 days of giving notice of its withdrawal. Any interest earned on Application Monies prior to withdrawal of the Offer will be retained by the Company.

6.15 ELECTRONIC PROSPECTUS

This Prospectus may be viewed online at www.metalsfinance.com. Applicants using the Application Forms attached to the electronic version of this Prospectus must be resident in Australia.

Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. A paper copy of this Prospectus will be provided free of charge to any Australian resident who requests a copy by contacting the Share Registry.

The information on www.metalsfinance.com does not from part of this Prospectus.

6.16 DIVIDENDS AND DIVIDEND POLICY

In determining whether to declare future dividends, the Directors will have regard to the Company's earnings, overall financial condition and requirements, the outlook for the coal industry, the taxation position of the Company and future capital requirements.

Dividends, if any, will be paid as an interim dividend prior to 31 October each year and as a final dividend prior to 30 April each year. Any interim dividend will be determined after taking into consideration all relevant matters including half year and forecast trading results. Any final dividend will be determined after taking into account the final trading results for the year, the interim dividend and other considerations. No assurance or guarantee can be given about the future dividend policy, the extent of future dividends or the timing or franking of any dividend.

Dividends will likely be unfranked in the first full year and thereafter to the maximum extent possible.

6.17 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person whom, it would not be lawful to make such an offer or issue this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken by the Company to register the Shares, or otherwise permit a public offering of the Shares in any jurisdiction outside of Australia. In particular the Shares have not, as at the date of this Prospectus, been registered under the US Securities Act of 1933 and may not be offered or sold to US Persons except in accordance with the applicable exemptions outlined in the U.S. Securities Act.

It is the responsibility of non-Australian resident investors to ensure compliance with all laws of any country relevant to their Application.

Each Applicant will be taken to have represented, warranted and agreed that such person:

- is an Australian citizen or resident in Australia, is located in Australia at the time of such Application and is not acting for the account or benefit of any person in the United States, a United States person (as that term is defined in the US Securities Act 1933) or any other foreign persons; and
- will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia or to a United States person (as that term is defined in the US Securities Act 1933), except in transactions which are exempt from registration under the US Securities Act 1933 as amended, and in compliance with all applicable laws in the jurisdiction in which such Shares are offered and sold.

6.18 GENERAL

The Corporations Act prohibits any person from passing an Application Form to any other person unless it is attached to, or accompanied by, a hard copy of the Prospectus or a complete and unaltered electronic copy of the Prospectus.

Application Forms included with this Prospectus contain a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form. The Company will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper or electronic copy of this Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that during the period of the Offer the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that this will not occur. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company or the Share Registry.

The information provided in this Prospectus is not financial product advice. By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Lodgement of an Application Form constitutes an irrevocable offer made in accordance with the provisions of the guidelines to the Application Form.

Financial Information

7

7.1 BASIS AND METHOD OF PREPARATION

The purpose of this section is to provide a pro-forma financial perspective of Metals Finance Limited (**Company** or **Parent Entity**) following completion of the Acquisition of TOCC and completion of this Offer (subscribed to a minimum of $3,500,000 and maximum of $5,000,000).

Pursuant to this Prospectus, the Company is inviting investors to apply for between 17,500,000 and 25,000,000 Shares at an issue price of $0.20 each in order to raise between $3,500,000 and $5,000,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. Refer to Section 6 for further details in relation to the Offer.

The purpose of this Offer is to provide funds to enable the Group to complete the acquisition of TOCC and with this the acquisition of a portfolio of North American coking coal and PCI projects, one of which includes an interest in the P8 Mine. The P8 Mine is an existing producing mine.

The Offer will enable funds to be used to:

- acquire an initial equity interest between in GCI, owners of the P8 Mine;
- complete metallurgical and engineering due diligence over the P8 Mine mining lease prior to considering the exercising of an option to acquire up to 80% equity interest in GCI;
- further explore the Elko Coal Project tenements in British Columbia and the Hartford/Howe Coal Project tenements located in Oklahoma. These activities will commence once the granting of these Coal Licence Applications have been finalised;
- secure and advance preliminary exploration activity on the South Hazell Coal Project in British Columbia and the Bokoshe and Lafayette Coal Projects in Oklahoma;
- meet the costs of the Offer; and
- provide working capital.

The financial information for Metals Finance contained in this Section 7 (which has been prepared for inclusion in the Prospectus) includes:

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The Group Historical Consolidated Statement of Financial Position as at 30 June 2014.

PRO-FORMA CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

a) Pro-forma Consolidated Statements of Comprehensive Income for the following periods:
   i) Year ended 30 June 2014; and
   ii) Year ended 30 June 2013;
b) Pro-forma Consolidated Statements of Cash Flows for the for the following periods:
   i) Year ended 30 June 2014; and
   ii) Year ended 30 June 2013; and
c) Pro-forma Consolidated Statements of Financial Position, including:
   i) The acquisition by the Company of TOCC and completion of the Offer;
   ii) The raising under this Prospectus of between $3,500,000 (minimum) and $5,000,000 (maximum);

iii) The acquisition by TOCC of between 30% (minimum) and 47% (maximum) of GCI; and

iv) Subsequent events detailed at Section 7.5, based on the Historical Consolidated Statements of Financial Position as at 30 June 2014.

The above are known as the "Consolidated Historical Financial Information" and "Pro-forma Consolidated Historical Financial Information".

The Consolidated Historical Financial Information and Pro-forma Consolidated Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Consolidated Historical Financial Information and Pro-forma Consolidated Historical Financial Information and the transactions to which the pro-forma adjustments relate, as described in Section 7.5 of the Prospectus, as if those transactions had occurred as at 30 June 2014, or prior to that date. Due to its nature, the Consolidated Historical Financial Information and Pro-forma Consolidated Historical Financial Information does not represent the Group's prospective financial position.

The Company has a 31 August financial year-end. The General Purpose Financial Reports for the Company have been subject to an annual audit by BDO Audit Pty Ltd and a half year review report to 28 February 2014.

Special purpose financial reports for the Company and TOCC were prepared for the following periods:

- Year ended 30 June 2014; and
- Year ended 30 June 2013 ("Special Purpose Financial Reports").

The Special Purpose Financial Reports have not been subject to any form of audit or review.

GCI has a 31 December financial year-end. GCI financial accounts have been subject to an annual audit by Christopher A. Turner PLLC in accordance with accounting principles generally accepted in the United States of America.

The Consolidated Historical Financial Information and Pro-forma Consolidated Historical Financial Information should be read in conjunction with the Investigating Accountant's Report.

7.2 PRO-FORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Set out in the table below is Pro-forma Consolidated Historical Financial Information: Pro-forma Consolidated Statements of Comprehensive Income for the years ended 30 June 2014 and 30 June 2013.

	2014 $	2013 $
Revenue	29,819	20,000
Consulting fees	-	(116,237)
Salaries and employee on costs	(129,485)	(652,635)
Commission expense	(13,830)	-
Project and feasibility costs	(18,813)	(443,323)
Impairment of property plant and equipment	(61,844)	(60,566)
Profit on sale of fixed assets	8,743	4,859
Impairment of available-for-sale financial assets	-	(154,668)
Fair value loss on financial assets at fair value through profit and loss	(178,481)	-
General administration and operating expense	(650,606)	(161,710)
Other costs	(324,793)	(1,613,979)
Losses before interest, taxes, depreciation and amortisation	(1,339,290)	(3,178,259)
Depreciation and amortisation expense	(12,580)	(20,107)
Losses before interest and taxes	(1,351,870)	(3,198,366)
Interest income	15,422	44,629
Interest expense	(1,287)	(46,453)
Loss before taxation	(1,337,735)	(3,200,190)
Income tax benefit	243,318	587,698
Loss after taxation	**(1,094,417)**	**(2,612,492)**
Loss after taxation attributable to		
Owners of parent entity	(1,094,417)	(2,612,493)
	(1,094,417)	**(2,612,493)**
Other comprehensive income		
Change in the fair value of available for sale financial assets	(118,987)	118,987
	(119,987)	**118,987**
Total comprehensive income attributable to		
Owners of parent entity	(1,213,404)	(2,492,506)
	(1,213,404)	**(2,492,506)**

7.3 PRO-FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS

Set out in the table below is Pro-forma Consolidated Historical Financial Information: Pro-forma Consolidated Statements of Cash Flows for the years ended 30 June 2014 and 30 June 2013.

	2014 $	2013 $
Cash flow from operating activities		
Receipts from customers	50,458	223,588
Payments to suppliers and employees	(1,043,824)	(2,735,762)
Interest received	15,422	58,796
Interest paid	(1,287)	(46,900)
Income tax received	243,318	587,698
Net cash used in operating activities	**(735,913)**	**(1,912,580)**
Cash flow from investing activities		
Proceeds – sale of property, plant and equipment	14,000	34,000
Payment for property, plant and equipment	(1,866)	(585)
Payments for mineral exploration and evaluation costs	(693,584)	-
Loan repaid	39,137	-
Net cash used in investing activities	**(642,313)**	**33,415**
Cash flow from financing activities		
Proceeds from Share issue	558,511	773,355
Repayment of borrowings	-	(161,494)
Repayment of finance leases	-	(31,824)
Net cash provided by financing activities	**558,511**	**580,037**
Net decrease in cash	(819,715)	(1,299,128)
Cash at the beginning of the year	1,200,290	2,484,391
Effect of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the financial period	1,741	15,027
Cash at the end of the year	**382,316**	**1,200,290**

7.4 HISTORICAL AND PRO-FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Set out in the table below is summarised:

a) consolidated Historical Financial Information: Historical Consolidated Statement of Financial Position for the Group as at 30 June 2014; and

b) pro-forma Consolidated Historical Financial Information: Pro-forma Consolidated Statements of Financial Position as at 30 June 2014, assuming:

   i) the acquisition of TOCC; and

   ii) completion of the Offer as detailed in the notes below and TOCC's acquisition of between 30% (minimum) and 47% (maximum) of GCI.

		Historical Consolidated Statement of Financial Position	Pro-forma Consolidated Historical Statements of Financial Position	
	Note 1	Company $	Minimum Subscription $	Maximum Subscription $
Cash assets	Note 2	260,630	2,591,317	3,558,750
Trade and other receivables		3,770	26,931	26,931
Total current assets		**264,400**	**2,618,248**	**3,585,681**
Fixed assets		-	1,873	1,873
Financial assets		62,826	62,826	62,826
Mineral assets	Note 3	-	988,589	988,589
Investment in associate	Note 5	-	781,000	1,223,566
Total non-current assets		**62,826**	**1,834,288**	**2,276,854**
Total assets		**327,226**	**4,452,536**	**5,862,535**
Trade and other payables		74,367	126,988	126,988
Loans and borrowings		-	53,400	53,400
Total current liabilities		74,367	180,388	180,388
Total non-current liabilities		**-**	**-**	**-**
Total liabilities		**74,367**	**180,388**	**180,388**
Net assets		**252,859**	**4,272,148**	**5,682,147**
Issued capital	Note 4	22,083,126	7,805,222	9,199,259
Accumulated losses		(22,102,100)	(3,531,879)	(3,515,917)
Reserves		271,833	(1,195)	(1,195)
Total equity attributable to equity holders of the company		**252,859**	**4,272,148**	**5,682,147**
Total equity		**252,859**	**4,272,148**	**5,682,147**

7.5 NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

NOTE 1: CONSOLIDATED HISTORICAL AND PRO-FORMA STATEMENTS OF FINANCIAL POSITION:

a) Column 1 represents the Historical Consolidated Statement of Financial Position of the Group as at 30 June 2014; and

b) Columns 2 and 3 represent the Pro-forma Consolidated Statements of Financial Position of the Group assuming:

- the acquisition of 100% of TOCC on 30 June 2014. Under the reverse acquisition accounting standard requirements, the consolidated financial statements of the legal parent (the Company) are presented as a continuation of the financial statements of the main private operating entity (TOCC);
- the Pro-forma Consolidated Statement of Financial Position has been expressed in Australian dollars using an exchange rate of AUD1:USD0.9363 as at 30 June 2014; and
- the Minimum Subscription of $3,500,000 (column 2) and the Maximum Subscription of $5,000,000 (column 3) respectively less estimated associated costs to be satisfied in cash for the minimum/maximum raise of $510,000/$600,000. Cash costs of the Minimum/Maximum Offer have been allocated as $321,942/$427,905 to contributed equity relating to the issue of Shares and $188,058/$172,095 to retained earnings.

NOTE 2: CASH ASSETS

	Notes	Minimum Subscription $	Maximum Subscription $
Cash balance of the Company		260,630	260,630
Cash balance of TOCC		121,687	121,687
Offer proceeds		3,500,000	5,000,000
Offer costs		(510,000)	(600,000)
Purchase of investment in associate[6]	Note 5	(781,000)	(1,223,567)
Cash as per Pro-forma Consolidated Statements of Financial Position		**2,591,317**	**3,558,750**

NOTE 3: MINERAL ASSETS

	Minimum Subscription $	Maximum Subscription $
Capitalised costs associated with the exploration and development of mineral assets	988,589	988,589

6 The pro-forma investment in GCI is an investment in an associate because the Group would have significant influence, but not control or joint control over the GCI's financial and operating policies. Refer to 0 and 0 for more details.

NOTE 4: ISSUED CAPITAL

	Minimum Subscription		Maximum Subscription	
	No. of Shares	$	No. of Shares	$
Number of Shares currently on issue (pre-consolidation)	73,109,576	22,083,126	73,109,576	22,083,126
Capital structure following Share consolidation (1:10)	7,310,958	22,083,126	7,310,958	22,083,126
TOCC Acquisition				
Shares issued to TOCC shareholders	56,048,622	11,209,725	56,048,622	11,209,725
Reverse acquisition accounting entry	-	(28,665,687)	-	(28,665,687)
Total Shares on issue post TOCC acquisition	**63,359,580**	**4,627,164**	**63,359,580**	**4,627,164**
The Offer				
Capital raising	17,500,000	3,500,000	25,000,000	5,000,000
Offer costs to equity from cash	-	(321,942)	-	(427,905)
Total Shares issued post TOCC acquisition and Offer	**80,859,580**	**7,805,222**	**88,359,580**	**9,199,259**

NOTE 5: INVESTMENT IN ASSOCIATE

Set out in the table below is Consolidated Historical Financial Information: summarised GCI Historical Consolidated Statements of Financial Position as at 30 June 2014, assuming completion of the Offer and TOCC's acquisition of between 30% (minimum) and 47% (maximum) of GCI.

	Minimum Subscription $	Maximum Subscription $
Current assets	3,062,905	3,062,905
Non-current assets	10,997,455	10,997,455
Total assets	14,060,360	14,060,360
Current liabilities	3,884,424	3,884,424
Non-current liabilities	2,845,817	2,845,817
Total liabilities	6,730,241	6,730,241
Net assets	7,330,119	7,330,119
Group share of net assets	2,199,036	3,445,156
Carrying amount	781,000	1,223,566

7.6 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The above financial information of the Company has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. The financial information also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IASB**).

PRINCIPLES OF CONSOLIDATION

The Pro-forma Consolidated Historical Financial Information incorporates the assets and liabilities of all subsidiaries of Metals Finance Limited ('Company' or 'Parent Entity') and TOCC Limited as at 30 June 2014 and the results of all subsidiaries and special purpose entities for the year then ended. The Company, its subsidiaries and special purpose entities together are referred to in this financial information as the 'Group'.

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the Company at the end of the reporting period. A controlled entity is any entity over which the Company has the ability to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is re-measured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the consolidated statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Joint ventures

The consolidated entity's share of the assets, liabilities, revenue and expenses of joint ventures is included in the appropriate items of the consolidated financial statements.

INVESTMENT IN ASSOCIATE

The associate is an entity in which the Group has significant influence, but not control or joint control, over its financial and operating policies. A joint venture is an arrangement in which a group has joint control, whereby a group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and a joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the balance sheet.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

FINANCIAL INSTRUMENTS

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are expected to mature during the period commencing 12 months after the end of the reporting period. All other investments are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold during the period commencing 12 months after the end of the reporting period. All other financial assets are classified as current assets.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer below for details of impairment).

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of asset is:

Class of fixed asset	Depreciation rate
Plant and equipment	10%–20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

MINERAL ASSETS

Exploration and evaluation costs related to an area of interest are written off as incurred except they are carried forward as an asset in the statement of financial position where the rights of tenure of an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively by its sale.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest.

General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Identifiable exploration assets acquired are recognised as assets at their fair value.

Exploration and evaluation expenditure incurred subsequent to the acquisition of an exploration asset in a business combination is accounted for in accordance with the policy outlined above.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

INTANGIBLES

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the foreign currency differences arising from such items form part of the net investment in the foreign operation. Accordingly, such differences are recognised in other comprehensive income and accumulated in the translation reserve.

Hedge of net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (Australian dollar).

To the extent that a hedge is effective, foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income and accumulated in the translation reserve. Any remaining differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

REVERSE ACQUISITION

The consolidated financial information has been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by the legal subsidiary, TOCC (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, the Company (the acquired for accounting purposes). Any difference arising between the fair value of the net assets of the Company at the date of acquisition and the fair value of the portion of TOCC shares deemed to be issued to the Company Shareholders to complete the acquisition has been recorded against accumulated losses on consolidation.

Independent Technical and Geological Report

8

GEOS MINING
MINERALS CONSULTANTS

Suite 301,
68 Alfred Street,
Milsons Point NSW 2061
Australia

T 61 2 9929 6868
F 61 2 9923 1112
E info@mineralgeos.com
www.mineralgeos.com

MINERALS EXPLORATION | INDUSTRIAL MINERALS | ENERGY RESOURCES | TENEMENTS MANAGEMENT

The Directors
Metals Finance Limited
Level 14, 52 Phillip Street
Sydney NSW 2000

26 September 2014

TO WHOM IT MAY CONCERN
Re: Independent Technical and Geological Report

We refer to our report dated 20 May 2014 previously provided to the Company for the purposes of its inclusion in a prospectus to be issued by the Company.

We note that we have been advised by the Company that the following applications for Coal Licences in British Columbia, Canada have now been granted:

Hazell

- Application 418148 – now 418645 License
- Application 418196 – now418646 License
- Application 418197 – now 418647 License

Elko

- Application 418320 – now 418648 License
- Application 418321 – now 418649 License
- Application 418322 – now 418650 License

We have reviewed the approval documents for the license and have compared the general geometry outlines of each area granted, with the application area outlines. The one exception was for 418650 license, for which a map was not supplied in the approval document; however, the Block unit ID's granted were satisfactorily reconciled against those which were applied for.

We conclude that although there exist minor changes to the granted boundaries of those five applications for which a location map was provided, they are generally in accordance with the dimensions of the application area. Any changes to the insitu coal contained within each area, are unlikely to be material with regards to the Exploration Target estimates or other information provided in the Independent Technical & Geological Report by Geos Mining (dated 20 May 2014).

Yours sincerely

Tom Bradbury

Senior Geologist

Geos Mining

(Independent Technical Expert for Metals Finance Limited)

GEOS MINING
MINERALS CONSULTANTS

Suite 301,
68 Alfred Street,
Milsons Point NSW 2061
Australia

T 61 2 9929 6868
F 61 2 9923 1112
E info@mineralgeos.com
www.mineralgeos.com

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Independent Technical & Geological Summary Report

Assets of Texas & Oklahoma Coal Company
Metals Finance Limited

Job No. **2600-02**

Report Date: **20 May 2014**

Prepared for:

Mark Sykes

Managing Director

Metals Finance Limited

Reviewed by:

Murray Hutton

BA (Hons), Geology), MAIG

Project Manager

Prepared by:

Tom Bradbury

BSc(Hons), MAusIMM

Project Manager (Coal)

GJN Enterprises Pty Ltd (ABN 63 076 664 572) trading as Geos Mining

Executive Summary

Geos Mining has been commissioned by Metals Finance Limited to prepare an independent technical report with the purpose of reviewing the technical data on properties owned, or under application by Texas and Oklahoma Coal Company Limited (USA), LLC (TOCC). Metals Finance Limited has announced an agreement to acquire Texas and Oklahoma Coal Company Limited (TOCC). The properties include the operating Pollyanna 8 (P8N) Mine in Oklahoma, four other exploration licence application areas in the same Arkoma coalfield in Oklahoma, one exploration licence application area in Colorado and three exploration licence application areas in British Columbia, Canada. The mine contains JORC Code (2012) classified Resources and there are JORC Code (2004) classified exploration targets defined for all the exploration projects except for one (Wapiti, British Columbia). In March 2014, site visits were conducted to the Oklahoma projects, the P8N Mine (underground inspection) and the Left Fork project, by independent consultants from Geos Mining and Highland GeoComputing (HGC).

This document is a summary version of the full document by Geos Mining titled “Independent Technical & Geological Summary Report” (Report no. 2600-01), to which the reader is referred.

P8N Mine, Oklahoma, USA

The P8N Mine is a conventional bord and pillar underground mine producing around 0.35-0.45 Mtpa product coal from the Carboniferous Hartshorne seam, using a single super section mining unit comprising two continuous miners. The ROM coal is crushed and screened on-site to produce a domestic thermal product which is then trucked to a nearby power generation facility. A minor proportion has been sold to the industrial market for cement manufacture. The coal is potentially suitable as a PCI blend and possibly stand-alone PCI product, depending on results of further metallurgical testing.

The mine is located in the Arkoma Basin, a curvilinear trough that extends westward from eastern-central Arkansas to southern-central Oklahoma, containing Pennsylvanian age rocks overlain in places by Pleistocene to Quaternary surficial deposits. Across most of the P8N Mine area, the Hartshorne seam is separated into an upper (0.3-0.9m thick) and lower (0.45-1.2m thick) coal horizon by a carbonaceous shale parting ranging from a trace up to 0.6m thick. Depth of cover ranges from less than 100m to about 300m in the lease’s northeastern and northwestern portions respectively. The generally east-west trending Spiro Anticline bisects the mine area, with dips of between 9-12 degrees occurring on either limb, while two sets of significant normal faulting (with throws ranging from 15-45m) occur to the north and south of current mining operations. Mining development was conducted through one of these with successful results, although a production delay was experienced. Other smaller, parallel faults with throws of between 1.5-3m exist in the mine area and are more of an operational consideration than a geological hazard.

The Hartshorne seam in the P8N Mine area is a high ash, low volatile, bituminous coal which is mined to produce an unwashed product containing high ash, high energy. This product has highly variable swelling properties (FSI ranging 1-9 on a washed basis), although the distribution of the coal’s swelling properties is unknown due to unreliable sample locations. The raw ash content of the seam (based on very limited float/sink testing) is high at around 28%, although the clean coal proximate results (dry basis) showed that a low ash (5.8%, dry basis) product can be achieved for a 57.6% yield. This testing showed that on a dry basis, the washed coal fraction contains low volatile matter (16.5%), high fixed carbon (77.7%), medium sulphur (by world standards) (1.04%), medium FSI (3½), low phosphorus content of 0.025%, and low ash fusion properties (Initial Deformation Temperature 2025° F ~1105°C, Reducing). Moisture content was 6% (as received) and 1% (air dried). Vitrinite content was 78.6%, and vitrinite reflectance (Rvmax) was high, at

1.88%. The ash composition results gave very high levels of iron, calcium and sulphur oxide (18.8% Fe_2O_3, 9% CaO, and 12.4% SO_3) and although no Coke Strength after Reaction (CSR) data were available, such high levels might cause a reduction in CSR. Hardgrove Grindability Index (HGI) is very high, at around 97-100, while RVmax indicated high rank, at 1.88%. The high HGI values indicate that the coal is expected to create large volumes of fines during GCI's coal crushing and screening process, although Geos Mining does not consider this to be significantly detriment to the coal product's utilisation potential, provided that adequate management processes are instigated during the ROM coal processing stages.

Analysis of the coal's ash composition indicates a very high iron content (up to 34% on a washed basis), which is likely to create slagging and fouling issues upon utilisation in coal fired boilers. However, the ash component itself is low, at 5.8% (dry basis). Blending with other coals containing lower iron-in-ash contents could potentially further reduce this component. This is supported by laboratory testing results, although further sampling and testing is required.

Although ash chemistry issues exist in the Hartshorne seam at P8N Mine, it does contain potential as a washed, low volatile PCI feed product. The determination of whether this potential is better suited to a stand-alone basis or as a blend product will depend upon the results of further metallurgical investigations. Analysis results from other samples containing low swelling properties indicate that the coal's sulphur content, ash chemistry, vitrinite reflectance and possible low CSR, are unlikely to meet the requirements of coking coal customers as a stand-alone coking product. However, the coal does exhibit some characteristics which are favourable to coking utilisation (ie high swelling properties in some areas, low product ash and low phosphorus). As a result, we cannot rule out the possibility that the coal has potential as a coking blend component, until further sampling and coke oven testing have been conducted.

Geos Mining has identified risks associated with the mine which have the potential to impact upon its future economic viability. We conclude that all are at an acceptable level of risk (minimised by current management processes in some cases) except for three items, which can be reduced to acceptable levels through the instigation of exploration drilling, regular coal quality sampling and metallurgical testing programs, and more rigorous occupational health and safety management systems. Metallurgical testing should include more detailed studies into the impact of the coal's high iron-in-ash content upon PCI utilisation, and identification of variation in trends in the coal's swelling properties across the mine area. Exploration in and around the lease extension application areas has the potential to allow for the conversion of inventory coal to exploration target and ultimately to coal resource status. This has the potential to substantially increase mine life beyond the current 5-6 year timeframe within the current lease areas. A coal handling and preparation plant (CHPP) producing a PCI and/or PCI-blend product component will allow higher prices to be attained, which may assist in justifying the additional costs associated with surface exploration drilling.

HGC estimated resources at P8N (totalling 15.1 Mt in the Hartshorne seam, being 9.9 Mt Measured, 4.8 Mt Indicated, and 0.4 Mt Inferred) and signed them off under JORC standards. Geos Mining has estimated the insitu coal tonnage based on the data supplied by TOCC and supported by figures presented in HGC's (February 2014) Resource Statement. The results were compared to the resource tonnages estimated by HGC, with the conclusion being that although some of the resource criteria could benefit from further justification and there exists a low level of reliability of the coal drillhole and CBM drillhole data, the parameters and calculation methodology used are considered to be reasonable.

Geos Mining concludes that a risk assessment of factors other than resource and reserves potential has identified no immediate material impairments to the current economic viability of the P8N Mine asset, although we recommend that GCI considers applying additional management strategies to the issues of exploration, coal quality and mine safety, in order to lower the risk to the future economic viability. We further recommend that for the P8N Mine project, a revision of resources and assessment of exploration target potential in the immediately surrounding areas, is conducted in order to better define resource tonnages and coal quality, and to enable better mine planning and reserves definition.

Brief summaries of Geos Mining's conclusions regarding other projects held by TOCC are presented as follows:

HARTFORD, LAFAYETTE, HOWE & BOKOSHE, OKLAHOMA, USA

The main potentially economic seam in the Oklahoma projects is the Hartshorne seam, which has underground resource potential only. Risks to resource potential of the Oklahoma project areas are in the low and medium categories, with the exception of the "Howe B" sub-area which, on a stand-alone basis, has lower resource potential than the other Oklahoma project areas. The proximity of the Oklahoma projects to GCI's P8N Mine will enhance their development potential due to the availability of the company's local mining infrastructure, an existing customer base and the future potential for coal beneficiation by means of a CHPP facility. Hence, we conclude that the potential for general potential for resources to be identified in the vast majority of the Oklahoma project areas is good.

LEFT FORK, COLORADO, USA

Geos Mining concludes that underground mining is the most likely exploitation method for the bulk of the exploration target, although it is possible that for the thinner seams, open cut potential might exist in the area's eastern portion. The mining development potential for the Left Fork project will depend upon the identification of seams containing mineable thicknesses over sufficient areas, and the results of further exploration. Also, the local community's response to mining is more likely to be acceptable to underground methods than to open cut. However, the existence of multiple seams at Left Fork presents opportunities for multi-seam underground mining, along with the coal's metallurgical (at least PCI) potential in some portions, might make it an attractive project should the two main issues identified earlier be successfully addressed. The region's economic coal potential has already been demonstrated by the fact that Cline Mining is currently conducting metallurgical coal mining activities at New Elk Mine in the same Raton Basin, which is proximally situated to the west of the Left Fork project area.

ELKO, BRITISH COLUMBIA, CANADA

Underground mining is the most likely exploitation method for the bulk of the exploration target, although it is possible that for the thinner seams, open cut potential might exist in the area's eastern portion. The Elko application areas contain several medium level risks which might affect its underground mining potential. Given the coal's metallurgical potential, if the potential environmental constraints can be successfully overcome and if future exploration identifies reasonably thick, continuous seams in areas containing moderate to low dipping, unfaulted areas, then resources might be identified in one or more of the Elko application areas.

SOUTH HAZELL, BRITISH COLUMBIA, CANADA

The majority of the of the South Hazell project is likely to contain underground mining potential, although some portions might contain open cut mining potential. The South Hazell application areas contain medium level risks to mining development potential which are related to geology, terrain, climate, extreme, access and distance to transport and ports. Some of the seams at South Hazell contain PCI potential and hence, if future exploration identifies reasonably thick, continuous seams in areas containing moderate to low dipping, unfaulted areas, and the other potential constraints can successfully be overcome, then resources might be defined in one or more of the South Hazell application areas.

WAPITI, BRITISH COLUMBIA, CANADA

The project contains a substantial amount of high level risks associated with future resource potential, and because of these, Geos Mining concludes that the Wapiti project is unlikely to advance to a resource stage. However this potential cannot be ruled out because the coal seams typically exist at depths of less than 160m and contains metallurgical potential. We envisage that any future mining would be likely to utilise underground methods.

EXPLORATION TARGET STATEMENTS, TOCC PROJECTS IN USA AND CANADA:

Drillhole summary tables have been provided in this report to meet JORC Code (2012) requirements for exploration target reporting. The Exploration Licence Application areas presented herein have been reported in accordance with the JORC Code (2012) and estimated by a Competent Person as defined by the JORC Code (2012), as follows:

- Hartford (Oklahoma, USA): around 87-117 Mt of bituminous coal;
- Lafayette (Oklahoma, USA): around 41-54 Mt of bituminous coal;
- Howe (Oklahoma, USA): around 59-94 Mt of bituminous coal;
- Bokoshe (Oklahoma, USA): around 93-140 Mt of bituminous coal;
- Left Fork (Colorado, USA): around 136-204 Mt of bituminous coal;
- Elko (British Columbia, Canada): around 224-336 Mt of bituminous coal;
- South Hazell (British Columbia, Canada): around 57-86 Mt of bituminous coal.

These potential resources have insufficient coal lithology, correlation and quality data to be classified as part of the coal resources. The potential quantity and quality are conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the conversion of any of this coal to a resource.

Although the Wapiti exploration licence application area is considered to contain high levels of mining development risk associated with complex geology, native title and community issues, we consider that further exploration and assessment of these risk-related issues could have the potential to result in the identification of a JORC Code classified resource.

Competent Person Statement

The information in this report that relates to Exploration Targets is based on information compiled by Tom Bradbury, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Tom is a Senior Geologist employed by Geos Mining.

Tom Bradbury has sufficient experience that 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'. Tom Bradbury consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Exploration Target estimates presented in this summary report for the project areas held by Texas Oklahoma Coal Company (USA), LLC have been reported in accordance with the JORC Code (2012) and estimated by a Competent Person as defined by the JORC Code (2012).

……………………………………………..

Tom Bradbury
Member AusIMM (107152)
Senior Geologist
Geos Mining

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Introduction

Geos Mining has been commissioned by Metals Finance Limited to prepare an Independent Technical Report with the purpose of reviewing the qualitative and quantitative data on properties owned, or under application, by Texas and Oklahoma Coal Company Limited (USA), LLC (TOCC). Metals Finance Limited has announced an agreement to acquire Texas and Oklahoma Coal Company Limited (TOCC) and requires an Independent Technical Report reviewing the properties owned by TOCC in order to finalise the deal. The properties include the operating P8N Mine in Oklahoma, four other exploration areas in the same Arkoma coalfield in Oklahoma, one exploration project in Colorado and three exploration project areas in British Columbia, Canada (Table 1). The mine has resources (classified according to the 2012 JORC Code) and reserves (non JORC classified) and there are JORC exploration targets defined for all the exploration projects except for one (Wapiti, British Columbia).

This document is a summary version of the full document by Geos Mining titled "Independent Technical & Geological Summary Report" (Report no. 2600-01), to which the reader is referred.

As at 20 May 2014, all of TOCC's Coal Licence Applications in Canada were at 'Good' (ie good standing) status, according to the British Columbia Mineral Titles Online Viewer. As at 20 May 2014, all of TOCC's Coal Licence Applications in USA were at 'Pending' (ie good standing) status, according to the Department Of The Interior, Bureau of Land Management.

Report Contribution (Visits)

The overall project management was undertaken by Tom Bradbury, who visited the Dallas, TX offices of Texas Oklahoma Coal Company (USA), LLC (TOCC) between 17 and 20 March 2014 and held discussions with company personnel and geological consultants with specific experience in the projects (see Section *Reliance on Other Experts*). During this period, Mr Bradbury also conducted field visits to the following exploration licence application areas on 18 March 2014:

- Howe A and Howe C
- Hartford
- Lafayette
- Bokoshe
- P8N Mine (meeting and underground inspection of current face workings).

This project utilised the assistance from the following personnel:

Geos Mining:

- Mr James Familiar (Geologist): Data assessment aimed at verifying the reported exploration targets;
- Ms Esther Yap (GIS & Database Consultant): GIS mapping (USA projects);
- Mr Josh Radford (Geologist): GIS mapping (Canada projects) and exploration data compilation (all TOCC projects).

NB: Mr Radford has worked previously in the Peace River Coal Field as a field geologist for Peace River Coal in 2008, supervising exploration drilling at the Horizon and Roman Mountain prospects, which are located in the general vicinity of the TOCC licence applications 418179 and 418181.

Reliance on Other Experts

Other independent experts who provided information presented in this assessment included the following:

- Mr Haldane Morris (mining consultant, MAusIMM CP (Min)): P8N Mine project;
- Mr Dwight Kinnes (Principal consultant at Highland GeoComputing, Certified Professional Geologist with the AIPG, LLC): all TOCC projects (including site visit to Left Fork area on 29 March 2014);
- Mr John Harrup (VP Exploration): Assistance with assessment of mining development potential in Elko project (Canada).

Non-independent personnel who contributed to this assessment included:

- Mr Harvey Geizer (contract geologist to GCI): geological information (P8N Mine and Oklahoma projects);
- Mr Craig Jackson (mine manager, P8N Mine): mining and geological information (P8N Mine);
- Mr Dom Hill (business development manager, TOCC): general geological information (all TOCC projects).

Exploration Licence Application Tenure Details – USA and Canada and Disclaimer

Project	Country	State	Mining Division	County	Tenure Number (s)	Serial Number	Total Area (Ac)	Total Area (Ha)
Polyanna 8 North (P8N) Mine	USA	Oklahoma		Le Flore	Federal Coal Lease OKNM 91190		3,510	1,420
Hartford	USA	Oklahoma		Le Flore		OKNM131755	16,313	6,602
Lafayette	USA	Oklahoma		Haskell		OKNM131755	6,928	2,804
Howe	USA	Oklahoma		Le Flore		OKNM128880	12,922	5,230
Bokoshe	USA	Oklahoma		Le Flore		OKNM128880	10,429	4,220
Left Fork	USA	Colorado		Las Animas		COC 75642	16,363	6,622
Elko	Canada	British Columbia	Fort Steel		418320, 418321, 418322		7,401	2,995
South Hazell	Canada	British Columbia	Fort Steel		418148, 418196, 418197		10,260	4,152
Wapiti	Canada	British Columbia	Liard		418179, 418181		4,447	1,800

Table 1: Exploration Licence Application Details

Disclaimer

While every effort has been made, within the time constraints of this assignment, to ensure the accuracy of this report, Geos Mining accepts no liability for any error or omission. Geos Mining can take no responsibility if the conclusions of this report are based on incomplete or misleading data.

Geos Mining and the authors are independent of Metals Finance Limited, and have no financial interests in Metals Finance Limited or any associated companies. Geos Mining is being remunerated for this report on a standard fee for time basis, with no success incentives.

Assessment method and data sources

The procedures used by Geos Mining to assess the reasonableness of the Exploration Targets identified for the TOCC projects are listed below:

- Phone and email liaison between Mr Tom Bradbury, TOCC personnel and TOCC's geological and mining consultants, between 17/3/14 and 15/4/14;
- Meeting between Mr Tom Bradbury and Mr Craig Jackson (mining engineer and P8N Mine manager) and Mr Harvey Geizer (contract geologist) in Georges Colliers Inc. (GCI) office in Spiro (OK) on 18/3/14;
- Personal field inspections (by vehicle and foot) of the Oklahoma application areas and the P8N Mine by the Geos Mining Competent Person on 18/3/14;
- Preparation of GIS maps showing general surface features and location of historical exploration, based on the data provided by TOCC in March 2014;
- In-house review and assessment of exploration data provided by TOCC, using GIS mapping software and Excel spreadsheet calculations, aimed at quantifying Exploration Targets, then comparing with those identified by Highland GeoComputing;
- Literature Review of relevant data in the areas on or nearby the tenements being reviewed;
- Field inspections of the Colorado tenements by Dwight Kinnes from Highland GeoComputing.

Polyanna 8 North (P8N) Mine

INTRODUCTION

The P8N Mine (Federal Coal Lease, OK-91190-NM, covering 3,599 acres) is an underground mine currently operated by the contracted South Central Coal Company, Inc. The mine is in the eastern portion of LeFlore County, approximately 23km southwest of Fort Smith Arkansas (Figure 1). The Bureau of Land Management ("BLM") is the owner of the coal minerals being extracted within the lease area.

The P8N Mine works the Carboniferous (early Pennsylvanian) Hartshorne coal seam. The assets controlled by GCI include two underground mines: the P8 South Mine, abandoned on 27 August 2010 (MSHA ID 3401787) and the Pollyanna No. 8 mine ("P8 North", hereby referred to as "P8N"), which started production in 2010. All underground coal production in Oklahoma is currently from the P8N Mine, as it is the only underground mine in operation as at February 2014 (Morris, February 2014). A single continuous miner section is used to mine the coal at P8N Mine. GCI trucks the product coal from the P8N Mine to a nearby power generation facility, located approximately 1.5km to the west of the mine.

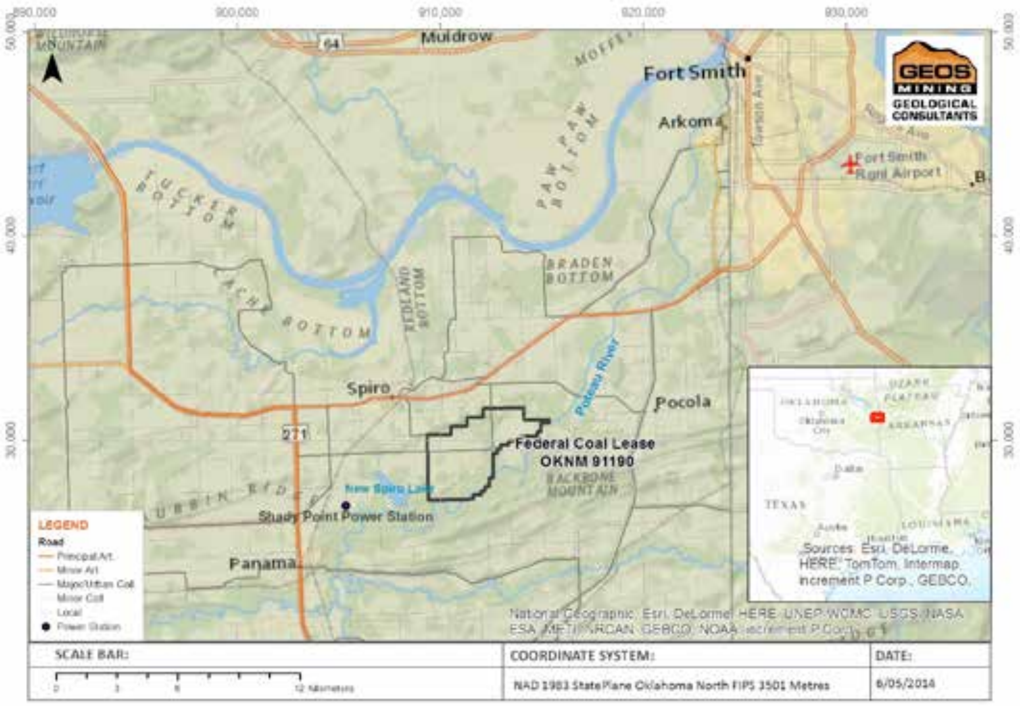

Figure 1: Location of P8N Mine

Tenure

GCI is current mining the P8N Mine block and stated their intention to obtain additional federal coal leases to the immediate northeast of their current lease and to the immediate northwest of their current lease. Furthermore, TOCC stated that they would like to pursue acquisition of additional fee coal leases to the immediate northwest (Figure 2). In order to mine the coal in the P8N NE and P8N South areas, GCI would need to cross fault zones. They have successfully managed to do this at the existing workings in the mine.

The process by which GCI is aiming to acquire additional federal coal leases is by the "Lease by Application" (LBA) process. The LBA process allows mining companies to acquire federal coal leases through a public competitive bidding process. The potential TOCC LBA areas are defined as the Northeast LBA area (on the north-eastern side) and the Spiro-Bokoshe LBA area (on the western side). GCI is in negotiations with adjacent coal owners for obtaining fee coal leases. These fee coal areas have been referred to as "Fee Short-term". TOCC is also interested in understanding the potential for acquiring fee coal leases north of the existing P8N Mine (referred to as "Fee Long-term").

Based on discussions with TOCC personnel (C. Jackson, March 2014) and TOCC's mining consultant (H. Morris, April 2014), Geos Mining has assessed the risk of lease extensions applications not being approved, and concludes that it more likely than not that extensions will be granted by the BLM for at least the TOCC LBA areas. Should approval to mine in the west extension not be granted over the Federal and private land, GCI plan to commence retreating their equipment northeastwards, out of the mine (C. Jackson, pers. comm., March 2014).

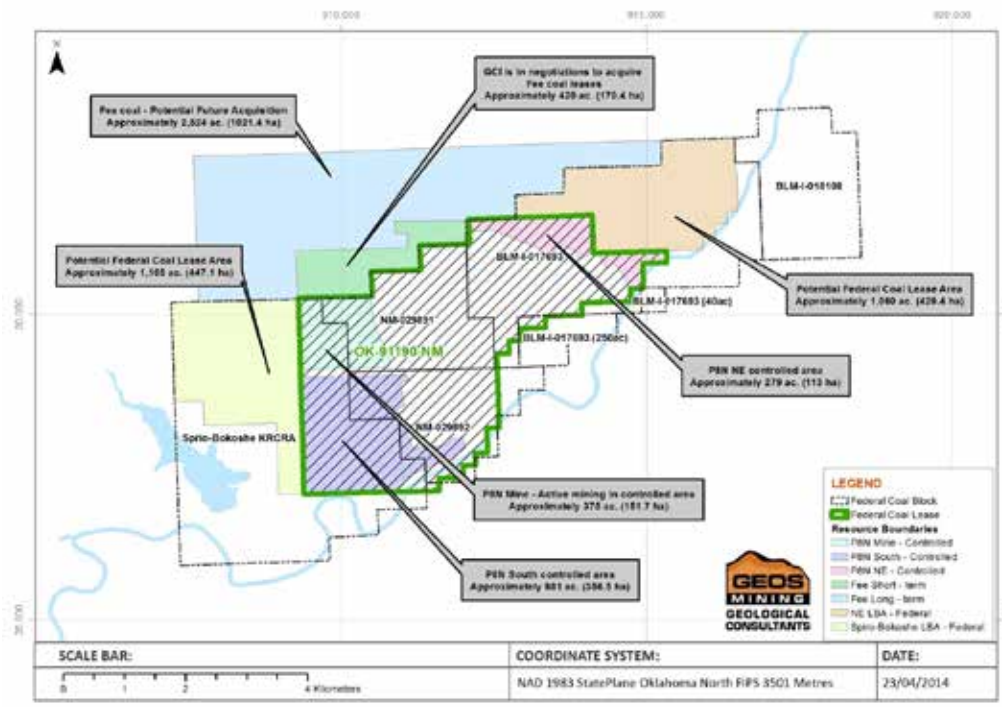

Figure 2: Coal Control Map (Highland GeoComputing, LLC, February 2014)

GEOLOGY

Coal seams of interest are contained in the Arkoma Basin, a curvilinear trough that extends westward from eastern-central Arkansas to southern-central Oklahoma (United States Department of the Interior, Bureau of Mines, 1983) Geologic units cropping within and proximal to the exploration areas consist of Pennsylvanian age rocks overlain in places by Pleistocene to Quaternary surficial deposits (Figure 3).

The Upper and Lower Hartshorne coal seams occur at the top of the Hartshorne Sandstone Formation. Across most of the P8N Mine area, the Upper and Lower Hartshorne seams are separated by a thin carbonaceous shale parting. This parting appears to thicken and become less carbonaceous to the west of current P8N mining operations. The Upper Hartshorne seam ranges in thickness from approximately 0.3m to 0.9. The Lower Hartshorne seam ranges in thickness from approximately 0.45m to 1.2m (Figure 4). Parting ranging from a trace to 0.6m divides the upper and lower Hartshorne seam. Depth of cover to the seam ranges from less than 100m near the mine entrance in the northeastern extremity of the lease to about 300m near the lease's northwestern boundary (Figure 5).

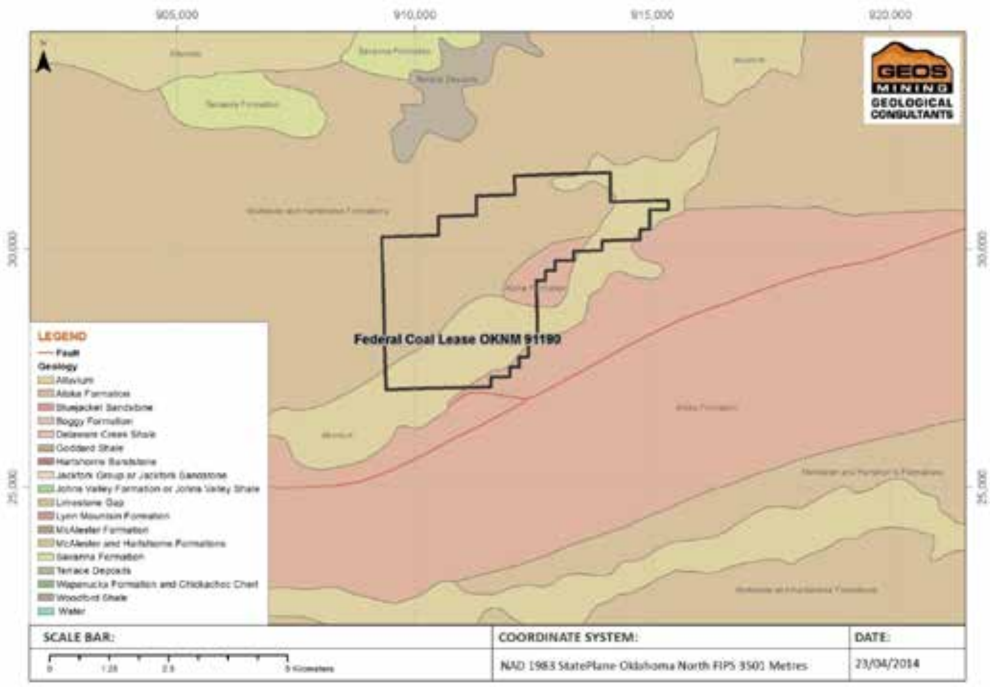

Figure 3: Surface geology of P8N lease

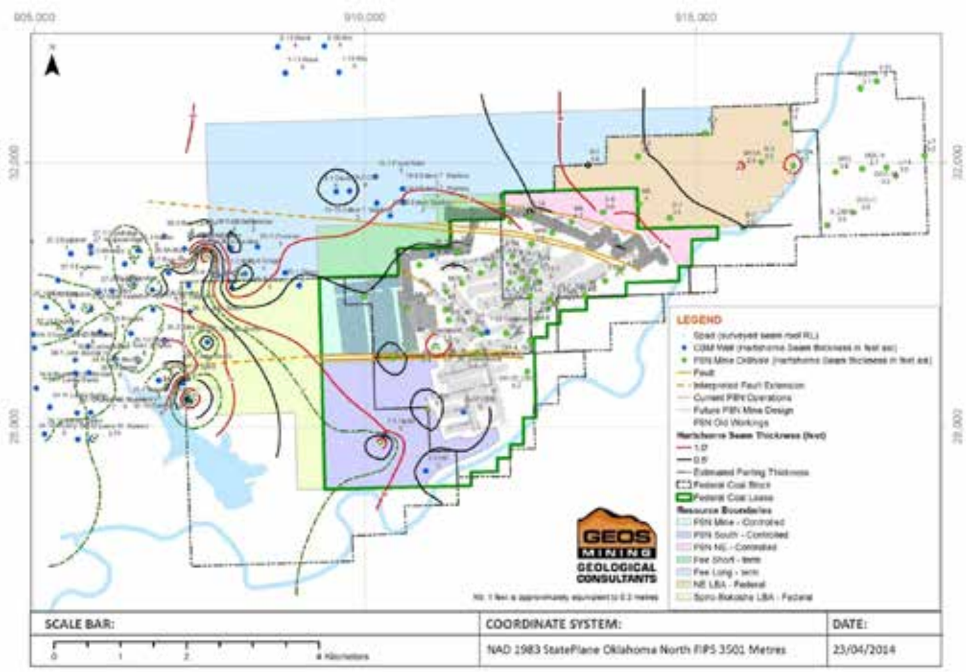

Figure 4: Seam Thickness (Highland GeoComputing, LLC, February 2014)

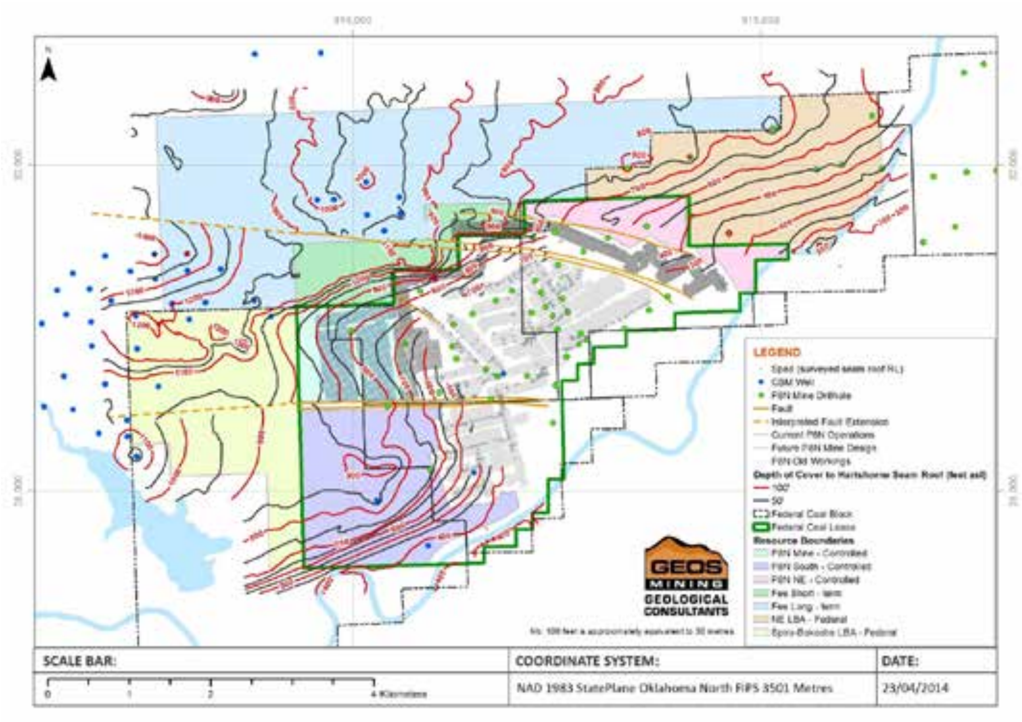

Figure 5: Hartshorne Seam Depth of Cover (Highland GeoComputing, LLC, February 2014)

Structurally, the P8N Mine resides between two set of normal faults with displacements from 15m – 45m (Figure 6). The P8N Mine also resides within the domain of the Spiro Anticline and the Coal Creek Syncline. The Spiro anticline occurs in the central part of the P8N Mine and trends approximately west-northwest and plunges to the west at approximately 10 degrees. Dips on either side of the anticline range between 9 and 12 degrees.

According to Mr Geizer, a system of three faults bisects the mine into the P8 north area and the P8 south area. The total displacement along the faults ranges between 15m and 30m. A system of two or three faults also exists along the north side of the P8 north mine area. These faults have a total displacement of 15–45m.

GCI has extrapolated the Triple Fault System and geological structure west of the current workings.

The strike of all of these faults is generally east-west to west-northwest along the same trends as the fold axes. Smaller faults, with displacements between 1.5-3m occur within the P8N Mine. According to GCI personnel, these faults are more of an operational consideration than a geological hazard.

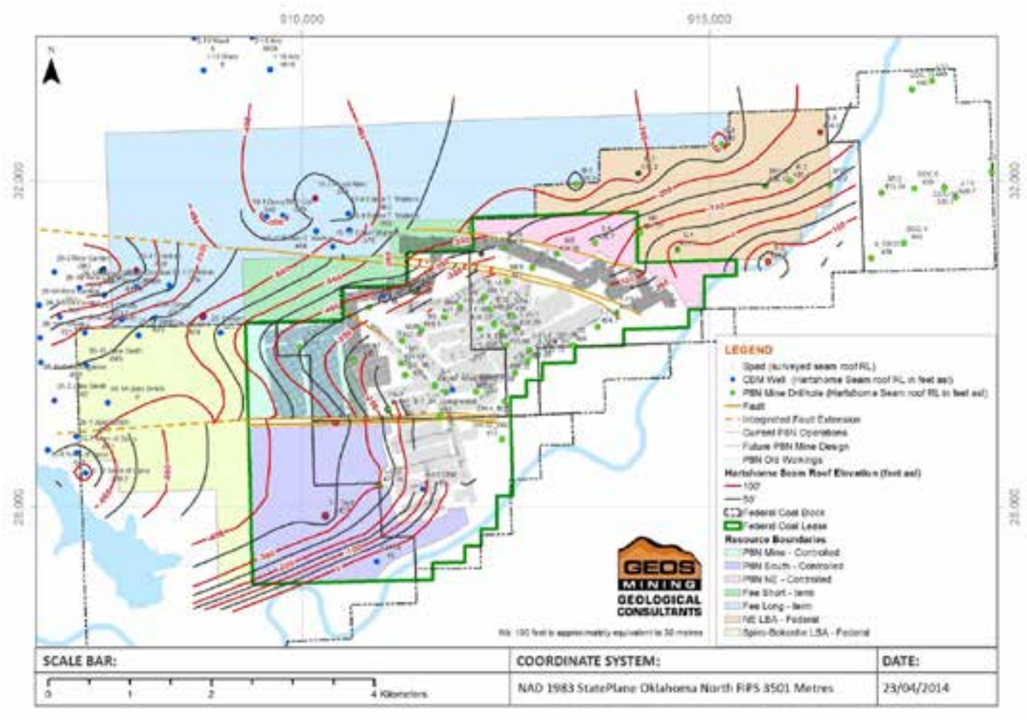

Figure 6: Hartshorne Seam Roof Structure (Highland GeoComputing, LLC, February 2014)

Previous Exploration and Mining

During the mid-1970s, coal bed methane exploration drilling was conducted across the area now covered by the P8N Mine lease. These holes were drilled during the mid-1970s and do not appear to have been surveyed. GCI has not drilled any surface exploration holes across the P8N Mine area.

More recent coalbed methane (CBM) gas wells exist across the mine property and in areas to the west and north of the mine (Figure 7). Geos Mining does not know of any other underground mining other than the old working of the P8N Mine in the area within and immediately surrounding the P8N Mine lease.

HGC consulted the Oil and Gas Division of the Oklahoma Corporation Commission website to verify the coalbed methane wells. For the wells with lithology data, HGC found that the OGS data matched these logs. However, the coalbed methane logs were not very detailed. HGC did not find any relevant geophysical logs of any coalbed methane wells.

The nearby Coal Creek Mine (Spiro), not associated with P8N North, is a deep portal underground mine currently idle, situated approximately 16km to the west. The Howe underground coal mine is located about 15km to the southwest and was closed down when the steel works in Oklahoma closed last century. The Sebastian-Hartford underground mine lies about 30km to the southeast in the State of Arkansas and is idle due to insufficient funding. The Farrell Cooper Mining Company (FCMC) Stigler open cut mine lies 50km to the west and is currently in operation utilising dragline and excavator stripping methods. There are a number of projects in the surrounding area being explored for development: the Heavener underground project (Ouro Pty Ltd) 38km south and McCurtain underground project (FCMC), situated 40km to the southwest (Morris, February 2014).

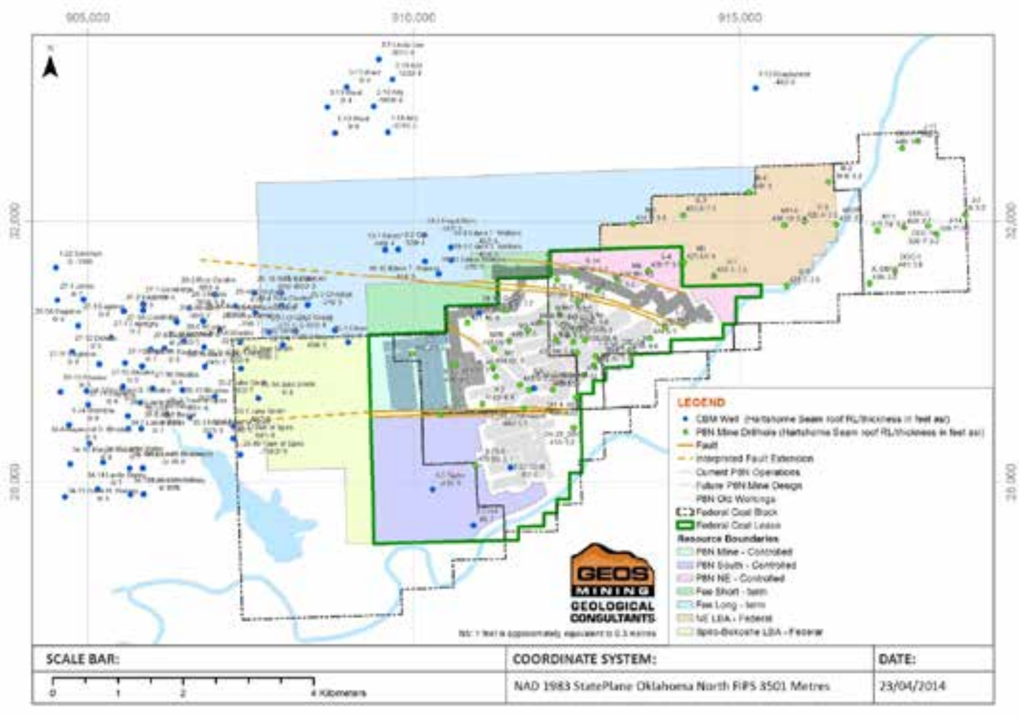

Figure 7: Location of Previous CBM Wellholes (Highland GeoComputing, LLC, February 2014)

Coal Resources Estimated by HGC

HGC estimated resources at P8N Mine (totalling 15.1 Mt in the Hartshorne seam, being 9.9 Mt Measured, 4.8 Mt Indicated, and 0.4 Mt Inferred) and signed them off under JORC standards (Figure 8). Resources were identified for coal (which comprises the Hartshorne Upper and Hartshorne Lower coal splits separated by an intra-seam stone parting) within the three current lease areas (designated P8N Mine, P8N South and P8N NE), while Inventory Coal (not considered to be Resources) was identified for coal in the surrounding lease application areas. In classifying resources, HGC used a buffer radius distance around points of observation as follows:

- from 0 to 1,640 feet (500 m) for Measured,
- 1,640 (500 m) feet to 3,280 feet (1,000 m) for Indicated,
- 3,280 feet (1,000 m) to 13,120 feet (4,000 m) for Inferred.

The parameters used by HGC to identify underground resources in the P8N Mine were as follows:

- Default coal relative density factor of 82 lbs. per cubic foot (i.e. 1.31 g/cu.cm);
- Default stone relative density factor of 2.40 g/cu.cm;

- Minimum seam thickness 3 feet (1m);
- No maximum stone parting thickness (although maximum thickness quoted as approximately 0.6m);
- No maximum cover depth to seam roof (although all coal shown to be less than 380m depth).

No reserves were stated by HGC, although they applied the following likely mining parameters to the resource values:

- Conventional underground room (bord) and pillar would be primary mining method;
- Average mining recovery 50%;
- Yield factor applied to crushing and screening process 75%.

Geos Mining considers that the mining parameters and calculation methodology applied by HGC to quantify recoverable coal products are reasonable, based on the primary assumption that the ROM coal is not subjected to CHPP beneficiation, but they cannot be termed "reserves" under the JORC Code.

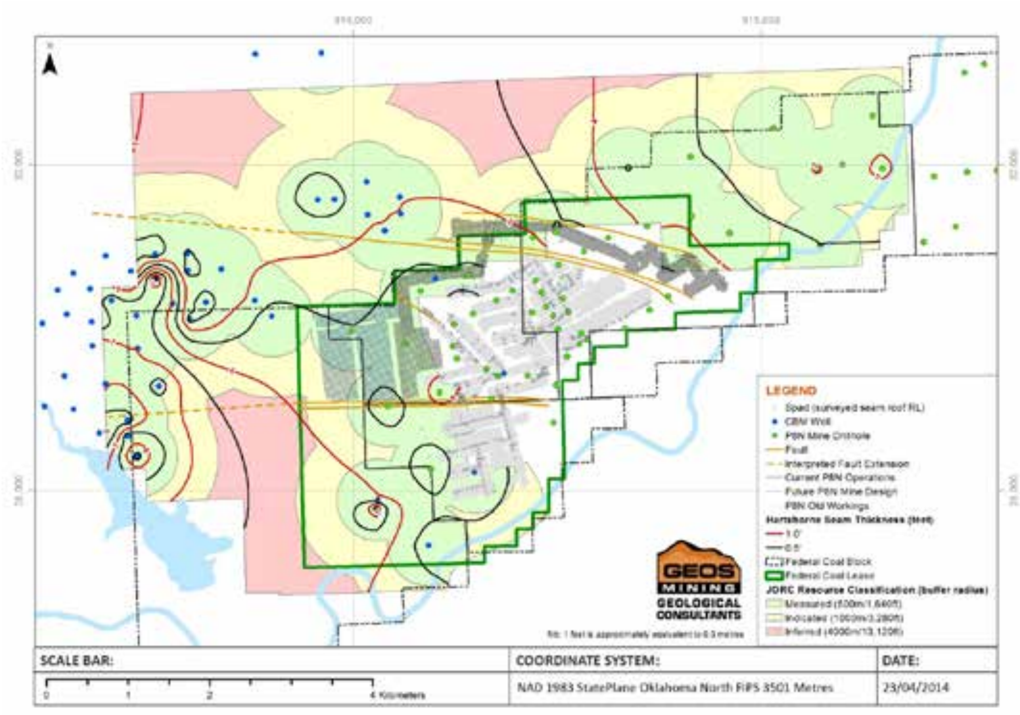

Figure 8: JORC Resource Classification (Highland GeoComputing, LLC, February 2014)

Mining

The P8N Mine is a conventional bord and pillar underground mine producing approximately 0.35-0.45 Mtpa product coal (based on the period 2008-2013) from a single modified super section mining unit (Morris, February 2014). Mining operations at P8N Mine are extracting the lower and upper splits of the

Hartshorne coal seam. This seam has been traditionally mined as thermal coal for domestic and limited export use. The full interval thickness (including stone split) of the Hartshorne seam ranges from around 1-2m. Mining operations are currently mining down-dip along the south limb of the anticline. Table 2 presents historical production for the period 2008 – 2014 Mar YTD (year to date).

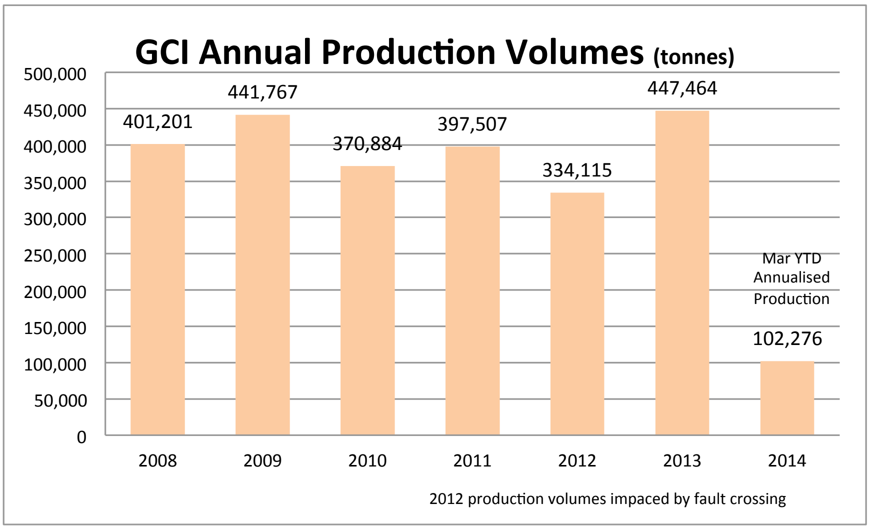

Table 2: P8N Mine Historical Production Between 2008 and March 2014 YTD (source: TOCC, April 2014)

The ROM coal is crushed and screened (by means of a series of triple-screens and rotary crushers to separate rock from coal) prior to transport via road to the power generation facility. A minor proportion has been sold to the industrial market for cement manufacture.

Mined tonnes (ROM) are estimated from a coal to rock ratio being applied to the saleable tonnes as delivered to the power station. GCI personnel stated that they obtain a yield of approximately 75-80% during the primary and secondary crushing and screening lines, to produce around 0.37-0.41 Mtpa of domestic thermal product (based on the period 2011-2013).

Production from the existing mine has been underway for approximately 4 years with development workings up to a distance of approximately 5km from the entry portals.

In the P8N Mine workings, the mining section thickness has varied from 1.1m to 1.8m, with a working height of 1.8m having been required for the minimum practical working height of the major mining equipment. In the vicinity of the current workings (which are located in the central southern portion of the mine), the coal mining section ranges from 1.5m to 1.8m thick (depending on parting thickness). In this vicinity, for safety and practical reasons (i.e. the minimum height is driven by dust scrubber sizing on the continuous miner units), GCI cuts a section of approximately 2.05m comprising coal, stone parting (usually ranging from 0.15m to 0.6m thick) and stone roof (about 0.25m thick). Photo 1 shows the Hartshorne seam and immediate roof in the P8N Mine, and the typically generally stable roof conditions (in areas outside fault zones).

Photo 1: Upper and Lower Hartshorne Seam at P8N Mine (photo by H. Morris, 16/10/13)

The Hartshorne seam contains high volumes of methane which are typically liberated at the working face (M. Jackson, pers. comm, March 2014).

The mining method employed is continuous mining, with shuttle car haulage and dual boom roof bolters used for roof support. A single walk-between Super section is employed as current mining configuration. A Super section comprises two continuous miners, three shuttle cars and two roof bolting units, with only one set of gear works at any one time. In order to reduce tramming time, the equipment operators dismount the machines and walk to the other part of the section and commence mining activities. The MSHA requirement is that only a 20 feet (6m) face cut distance can by mined at a time before further roof bolting must be conducted prior to further face cutting, due to roof stability risk. This method addresses the two main issues, which are to effectively manage the methane risk and to maximise production efficiency.

Geos Mining considers the mining method to be reasonable and appropriate to the deposit.

Coal Quality

The P8N Mine currently produces a high ash thermal product for the domestic power station customer.

There appears to exist high (7-8) FSI values in the mine’s northeastern portion and low to medium values (1-5) throughout the remainder, based on clean (washed) coal composite data. However, Geos Mining cannot verify the reliability of this data and believe the reason to be due to unreliable sample locations (i.e. taken from coal stockpiles rather than channel sampled from the underground workings).

P8N North has conducted a number of washability tests on crushed/screened product coal from the existing operations. These samples were taken from crushed product piles.

Geos Mining reviewed laboratory analysis report by CoalTech Petrographic Associates (dated 25 April 2013) for a P8N Mine coal stockpile sample comprising 65% from “A pile” and 35% from “B pile” (Sample ID *GCI P-8N 3/28/13 – 1.35 Float*, original sample location unknown), comprising washability float/sink test results and clean coal analysis of the F1.35 fraction. Table 3 and Table 4 present the results of previous metallurgical testing completed in 2013 from product samples taken from crushed and screened product.

Table 4 shows that although the raw ash content of the seam (based on float/sink testing) is high at around 28%, the clean coal proximate results (dry basis) showed that a low ash (5.8%, dry basis) product can be achieved for a 57.6% yield. Table 3 shows that the clean coal fraction (dry basis) contains low volatile matter (16.5%), high fixed carbon (77.7%), medium sulphur (1.04%), medium FSI (3½) and low ash fusion properties (Initial Deformation Temperature 2025° F ~1105°C, Reducing). Vitrinite content was 78.6%, and vitrinite reflectance (Rvmax) was high, at 1.88%. . The ash composition results gave high levels of iron, calcium and sulphur oxide (18.8% Fe_2O_3, 9% CaO, and 12.4% SO_3). Although no Coke Strength after Reaction (CSR) data were available for this sample, such high levels might cause a reduction in CSR (Stainlay, October 2013). No maximum Gieseler fluidity data was reported, although the sample gave a maximum contraction of 3% and a maximum dilatation of zero. Additional analysis results for this sample reported by M Resources (Stainlay, October 2013) included a low phosphorus content of 0.025% (for both air dried and dry basis bases) and moisture contents of 6% (as received) and 1% (air dried).

Other laboratory analysis results (reported by CoalTech Petrographic Associates, Inc. and Standards Labs, dated 9/12/10) for a different clean coal stockpile sample gave similar results to the previous (ID 3/28/13) sample, with the following exceptions:

- although the ash composition of the clean coal (stockpile) fraction includes a very high iron content at 34% Fe2O3 for the coarse fraction (comprising 80% of the samples mass) and 21.9% for the fine fraction (20% of sample mass), the ash component itself is low, at 5.8% (dry basis). Blending with other coals containing lower iron-in-ash contents could potentially further reduce this component;
- the metallurgical characteristics were better, with higher FSI values of 8 for the coarse fraction and 9 for the fine fraction;
- Specific energy for the washed coarse fraction was 32 MJ/Kg (as received basis). This was not reported for the previous (ID 3/28/13) sample.

Although the base acid ratio (1.15) for the washed coarse fraction is high according to accepted USA guidelines (ACARP, January 2010), which considers values of more than 1 are high, the base acid ratio for the washed fines fraction is only 0.7, which is within the acceptable USA guidelines. For both the washed coarse and washed fines fractions, the fouling and slagging indices are classified in the report as “severe” (1.7 and 1.22 respectively) and “medium” (1.8 and 0.76 respectively). However, a sample composite from the P8N Mine and the Comer Mine gave significantly lower fouling and slagging indices 0.6 and 0.2 respectively, which indicates that perhaps blending of the P8N Mine coal with other coals could reduce the deleterious effects of the P8N Mines’ characteristics in coal fired boilers.

A review of the analytical reports shows that the Hardgrove Grindability Index (HGI) of the Hartshorne coal at P8N Mine is very high, at around 97-100. This is expected to create large volumes of fines during GCI’s coal crushing and screening process, although Geos Mining does not consider this to be significantly detriment to the coal product’s utilisation potential, provided that adequate management processes are instigated during the ROM coal processing stages.

Blending of the coarse tailing dump material with product coal is an option for controlling the energy and ash contents (H. Morris, pers. comm., April 2014).

April 2013 - Derived from 1.35 Float, ***(65% A-Pile / 35% B-Pile)***

Proximate Analysis (% dry)	
Ash	5.8
Volatile Matter	16.49
Fixed carbon	77.71

FSI	3.5
Sulphur Content, (% dry)	1.04
Sole Oven, (% Vol. Chg. @52/2)	1.6
HGI	97.8

Petrographic Analysis	
Mean Max. Reflectance %	1.88
Standard Deviation	*0.053*
Comp. Balance Index	4.26
Rank/Strength Index	7.65
Calc. Stability Factor	48

Ash Composition, (% in ash)	
SiO_2	31.17
Al_2O_3	18.82
Fe_2O_3	18.84
TiO_2	0.78
CaO	8.98
MgO	3.81
MNa_2O	1.61
K_2O	1.45
P_2O_5	0.92
SO_3	12.36
Undetermined	1.26

Arnu/ASTM Dilatation	
Max contraction, %	-3
Max dilatation, %	No Dilatation
Initial Softening Temp. C	484
Initial Dilatation Temp. C	Taken @ 500
Max Dilatation Temp. C	N/A
ASTM % Dilataion (2.5-g. Air Dry)	N/A

Ash Fusion Temperatures	*(Reducing)*
Initial Deformation, Temp. F	2025
Softening Temp. F	2055
Hemispherical Temp. F	2080
Fluid Temp. F	2120

Table 3: Washed Coal Analysis Results (Morris, February 2014)

Specific Gravity		Fraction Analysis Dry Basis					Cumulative Recovery (Float)					Cumulative Reject (Sink)				
Sink	Float	Wt. %	VM	Ash	Sul	FSI	Wt. %	VM	Ash	Sul	FSI	Wt. %	VM	Ash	Sul	FSI
	1.35	57.60	16.49	5.80	1.04	3.50	57.60	N/A	5.80	1.04	N/A	100.00	N/A	28.52	1.15	N/A
1.35	Sink	42.40	ND	59.39	1.29	ND	100.00	N/A	28.52	1.15	N/A	42.40	N/A	59.39	1.29	N/A

**Single Determinations*
ND = Not Determined (insufficient sample)
N/A = Not Applicable

Table 4: Laboratory Washability Results (Morris, February 2014)

COAL PREPARATION AND POTENTIAL FOR COAL WASHING

The majority of the mine's product is currently being sold to the steaming market, although GCI is also selling an industrial product for wholesale cement manufacture (C. Jackson, pers. comm., March 2014).

Coal preparation consists of multiple passes of crushing and screening to remove waste rock material and achieves approximately 75% total material yield from the entire coal preparation process (C. Jackson, pers. comm, March 2014 and Morris, February 2014). Photo 2 shows recent coal stockpiles at the P8N Mine.

GCI aims to produce a metallurgical product when market conditions are suitable. GCI's view is that if they had access to a coal handling and preparation plant (CHPP) they could potentially send the entire product to the industrial sector, although a two-product CHPP would provide them with additional options for both the metallurgical and thermal markets. Permitting a washplant is expected between 6-18 months (C. Jackson, pers. comm., March 2014) and hence, GCI expects to install and commission a CHPP within that period. GCI expects that timing of approval will depend upon the area affected by the refuse (ie washplant tailings) and the associated environmental management and the environmental bond requirements. GCI believes there is a high likelihood that the CHPP would be permitted within this timeframe.

FUTURE EXPLORATION AND DEVELOPMENT

GCI has not undertaken any exploration drilling during the life of the P8N Mine. As mining progresses west, GCI is moving away from existing drillhole data. No coal holes have been drilled in the immediate area since those holes which were used in GCI's original 1993 lease application document. In order to identify reserves, new exploration is required in the current P8N lease and in the Fee and LBA application areas.

HGC has prepared a proposed exploration plan comprising corehole drilling (with lab analysis), and face channel sampling (with lab analysis) along the perimeter of the current mine (Figure 9). This exploration and sampling would assist in determining whether an economic stand-alone metallurgical product is possible (and where), or whether blending is required to achieve this. It would also assist in determining whether the application areas are likely to contain any JORC coal reserves. In the P8N NE area, an RMP (resource management plan) will be required prior to any exploration and until such time that additional drilling is undertaken, reserves cannot be estimated.

Geos Mining has reviewed TOCC's proposed future exploration plan and considers it to be reasonable.

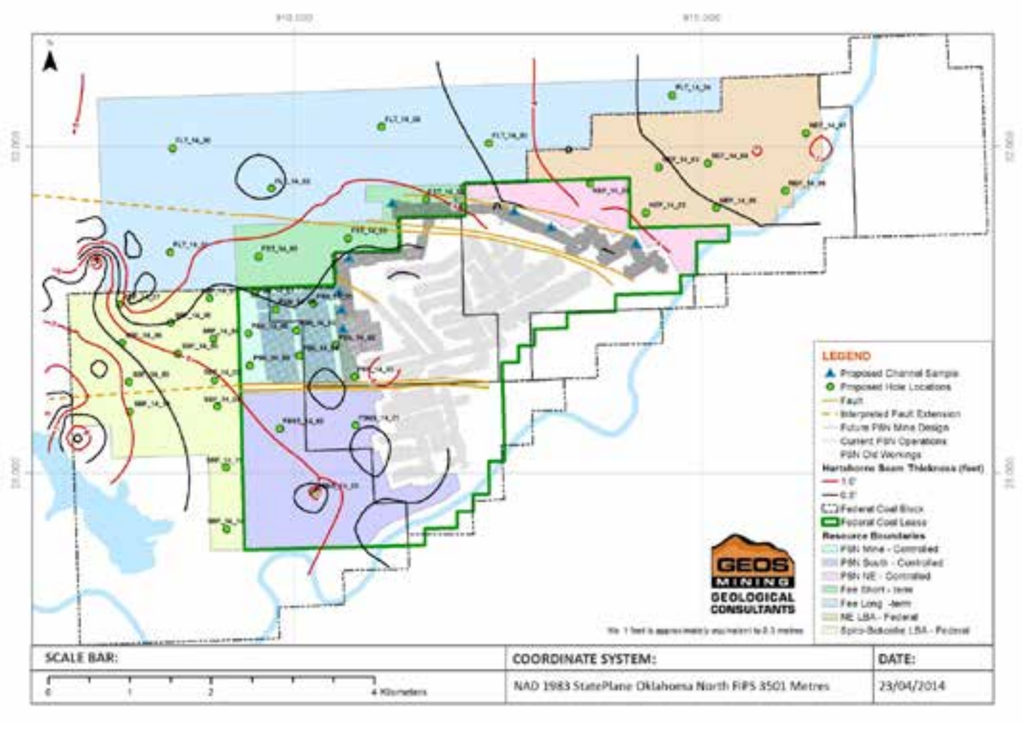

Figure 9: Proposed Exploration Plan (Highland GeoComputing, LLC, February 2014)

RESOURCE TONNAGE ESTIMATION BY GEOS MINING

Geos Mining has estimated the insitu coal tonnage based on the data supplied by TOCC and supported by figures presented in HGC's (February 2014) Resource Statement. Historical wellhole and exploration drillhole data were spot checked, with seam intersection depths and thicknesses plotted using ArcGIS software. Polygons showing seam extents were then created, and seam areas, volumes and masses calculated using Excel spreadsheets. The results were compared to the resource tonnages estimated by HGC (Table 5). Geos Mining concludes that although some of the resource criteria could benefit from further justification and there exists a low level of reliability of the coal drillhole and CBM drillhole data, the parameters and calculation methodology used are considered to be reasonable.

Resource Area	Area (m^2)	Upper Hartshorne Seam Floor Depth Range (m)			Hartshorne Seam Thickness Range (m)			Relative Density	Tonnage
		Min	Max	Average	Min	Max	Average	(t/cubic metre)	Million tonnes
P8N Mine	1,517,000				1.55	1.95	**1.75**	1.314	**3.5**
P8N South	3,565,000				1.52	1.95	**1.71**	1.314	**8.0**
P8N NE	1,130,000				1.04	1.31	**1.15**	1.314	**1.7**
Total	**6,212,000**								**13.2**

Table 5: Geos Mining Tonnage Estimation Results for P8N Mine

Risk Assessment

Geos Mining has identified issues associated with the mine which have the potential to impact upon its future economic viability, and has assigned an indicative ranking (high, medium or low), as presented in Table 6. Geos Mining has identified risks associated with the mine which have the potential to impact upon its future economic viability. We conclude that all are at an acceptable level of risk (minimised by current management processes in some cases) except for three items, which can be reduced to acceptable levels through the instigation of exploration drilling, regular coal quality sampling and metallurgical testing programs, and more rigorous occupational health and safety management systems. Metallurgical testing should include more detailed studies into the impact of the coal's high iron-in-ash content upon PCI utilisation, and identification of variation in trends in the coal's swelling properties across the mine area. Exploration in and around the lease extension application areas has the potential to allow for the conversion of inventory coal to exploration target and ultimately to coal resource status. This has the potential to substantially increase mine life beyond the current 5-6 year timeframe within the current lease areas. A coal handling and preparation plant (CHPP) producing a PCI and/or PCI-blend product component will allow higher prices to be attained, which may assist in justifying the additional costs associated with surface exploration drilling.

Risk Issue	Level of Risk	Risk Description	Management and Mitigation Strategies
1. Strategic exploration plan	Medium to High	Lack of recent or ongoing surface exploration program for mine planning. This has resulted in insufficient data for probable or proven reserves definition and general low level of confidence in geological variability in areas outside previous mine workings.	Geological prediction incorporates current and previous mine mapping, extrapolation of mine survey data, current observation and previous experience and have successfully mined through faults. There might exist some unexpected structures and washouts, but no major ones (D. Kinnes, pers. comm., March 2014)
2. Coal quality sampling (no reliable sample locations)	Medium to High	GCI expect CSN values of around 4½ in the future mining area in the west, but this is uncertain. CSN variability across lease unknown. Very high Fe2O3 in ash content and severe fouling index. High HGI	GCI has a sales contract and are currently selling coal. Good low volatile coal potentially suitable as at least a PCI blend, but not premium PCI coal. The risks associated with high HGI can be (and are being) managed

		(~100) may cause mining-related issues (ie rib spall).	during mining.
3. Mine Safety	Medium	Rockfall in 2005 resulting on one fatality. The number of incidents for Q3 2013 was 75% higher than the national average rate for Non-Fatal Incidences (ie 5.43 vs 3.1) but lower than the national average for Fatal Incidences (i.e. 0 vs 0.0227). Despite favourable comments by MSHA inspector during 18/3/14 site visit, Geos Mining observed some general procedural OH&S deficiencies compared to Australian mines.	No major safety incidents since 2005 (the most prevalent form of Incident involves soft tissue and finger crush injuries from slips, strains and minor roof/rib falls (Morris, February 2014). MSHA inspector expressed favourable comments about the mines safety compliance, and commented that P8N Mine is a safe site (pers. comm., March 2014). Roof conditions generally very good outside fault zones, & are managed by use of more intense bolt pattern in some areas.
4. Gas Ignition	Medium to Low	High methane levels - The Hartshorne seam releases gas upon face cutting (approx.1.8 Mcfm/day). This affects productivity. Gas risk is expected to increase as operations advance into deeper areas.	Methane levels reduce rapidly upon cutting, due to lower coal permeability. Managed at mine face by spray jets, airflow sheeting, fan ventilation system, and methane monitoring devices on continuous miner and machinery operators. Barricading of old workings.
5. Capex (associated with mining deeper and ongoing mine maintenance)	Low to Medium	When compared to other mines with higher operating cash flows and profits the outward appearance of P8N North is that spending is minimised to essential expenses (Morris, February 2014). Will need to consider upgrading the voltage distribution network. They are currently mining 5km in from entrance. New ventilation system has been installed and is expected to be commissioned when required.	In TOCC management's opinion the mine is typical of this size mine where capital is allocated sparingly for equipment, parts and development where necessary (Morris, February 2014). Capital has been set aside for vehicle and equipment care and maintenance. Reclamation bond has been paid. The area of surface disturbance not huge (D. Hill, March 2014).
6. Government approvals on lease extension applications	Low	GCI awaiting decision on applications. Only 5-6 years of current mining remaining in current lease area. Should approval not be granted, GCI plan to commence retreat of mining equipment.	Majority of application areas are on Federal-owned (not State-owned) land and hence, less risk than had the latter been the case (because the State can't stop approval being granted).
7. Washplant	Low	Permitting a washplant is expected to take between 6-18 months, because the issue is the refuse. A bond will be required, with the amount dependent upon the lease's area.	TOCC personnel (pers. comm. March 2014) consider that there is little risk that the CHPP would be granted. Geos Mining observed topsoil bunding during March 2014 field visit, which demonstrates good practice.
8. Geotechnical	Low	Rib spall (risk will increase as mine-face advances to areas of increased depth), groundwater associated with fractures in overlying shale, sandstone washouts of coal, roof and floor conditions.	Rib spall risk managed by using 6-bolt pattern. Higher roof bolting intensity and the use of longer bolts occur at the intersection of drives and crosscuts. Groundwater risk managed by paper plug monitoring. Not much groundwater encountered outside the mine entrance to about 75m depth. Mining personnel have good knowledge and experience in having previously extensively mined the general area. Geos Mining observed good roof and floor (mostly dry) conditions during March 2014 inspection. No sandstone washouts in roof have been identified to date.
9. Community	Low	Local residents share the same road as the mine's haul vehicles, and have experienced discontent with the road surface quality (i.e. too bumpy). There don't appear to be any cost effective alternatives for local resident access, due to the small size of the mining operation.	This issue is managed by community forums and by means of road upgrades. The community doesn't appear to have any major issue regarding the presence of the mine and any other associated activities
10. Environmental	Low	Acid water generation associated , land footprint; Subsidence: cracks in paddocks)	Acid generation could be chemically neutralised. The land footprint is the issue (i.e. acquisition) with no apparent impediments. Subsidence: low risk provided no pillars are pulled

Table 6: Risk Assessment of P8N Mine

Conclusion

Geos Mining concludes that a risk assessment of factors other than resource and reserves potential has identified no immediate material impairments to the current economic viability of the P8N Mine asset, although we recommend that GCI considers applying additional management strategies to the issues of exploration, coal quality and mine safety, in order to lower the risk to the future economic viability. We further recommend that for the P8N Mine project, a revision of resources and assessment of exploration target potential in the immediately surrounding areas, is conducted in order to better define resource tonnages and coal quality, and to enable better mine planning and reserves definition. The results were compared to the resource tonnages estimated by HGC, with the conclusion being that both estimates are in general agreement, with the following additional observations noted below:

- There exists a low level of reliability of the coal drillhole and CBM drillhole data (unverified collar locations, no downhole geophysics available, incomplete and poor level of detail in seam data);
- An Inventory Coal tonnage was reported by HGC but cannot be reproduced herein, although further assessment might result in some of the Inventory Coal becoming assigned Exploration Target status.

In comparing HGC's JORC Resource tonnages with those estimated by Geos Mining, we have included the stone parting mass, which is up to 60cm thick. Geos Mining considers the inclusion of this stone in the resource mass to be reasonable because it is likely that any future mining will include this parting, based on the expected bord and pillar mining method and total seam thickness (ie less than 2.75m). On this basis, HGC's resources in the P8N Mine area total 15.1 Mt in the Hartshorne Seam. Due to public reporting requirements, the Inventory Coal tonnage cannot be reported herein.

HGC (February 2014) noted that some or all of historical coal drillhole and CBM drillhole data used as the basis for estimating resources lacks any downhole geophysics, collar survey data, sufficient level of detail and completeness. Hence, the thickness values for the Upper and Lower Hartshorne seam horizons and inter-seam stone parting in these holes contain a generally low level of reliability. It is outside the scope of this report for Geos Mining to determine which, if any, of this data would be of sufficient reliability to be used as Points of Observation for any future JORC 2012 Code Resource re-estimations and what proportion of HGC's stated resources would be affected. Until such time, Geos Mining recommends that the seam thickness iso-contours presented in Figures 4, 8 and 9 be regarded as indicative only.

All issues associated with the mine which have the potential to impact upon its future economic viability, are at an acceptably low level except for three – strategic surface exploration drilling plan, coal quality sampling and mine occupational and health safety. However, these can be reduced to acceptable levels through the instigation of exploration drilling, coal quality sampling and metallurgical testing programs, and more rigorous occupational health and safety management systems, respectively.

Although ash chemistry issues exist in the Hartshorne seam at P8N Mine, it does contain potential as a washed, low volatile PCI feed product. The determination of whether this potential is better suited to a stand-alone basis or as a blend product will depend upon the results of further metallurgical investigations. Analysis results from other samples containing low swelling properties indicate that the coal's sulphur content, ash chemistry, vitrinite reflectance and possible low CSR, are unlikely to meet the requirements of coking coal customers as a stand-alone coking product. However, the coal does exhibit some characteristics which are favourable to coking utilisation (ie high swelling properties in some areas, low product ash and low phosphorus). As a result, we cannot rule out the possibility that the coal has potential as a coking blend component, until further sampling and coke oven testing have been conducted.

We consider that the exploration and sampling plan proposed by Highland GeoComputing for the P8N Mine is reasonable. Such exploration in and around the lease extension application areas has the potential to allow for the conversion of inventory coal to exploration target and ultimately to coal resource status. This could potentially to substantially increase mine life beyond the current 5-6 year timeframe expected within the current lease areas. A coal handling and preparation plant (CHPP) producing a PCI and/or PCI-blend product component will allow higher prices to be attained, which may assist in justifying the additional costs associated with surface exploration drilling.

Oklahoma Exploration Areas (USA)

Introduction

The Oklahoma project areas are located generally west and south of the P8N Mine in central-eastern Oklahoma, approximately 250km east of Oklahoma City (Figure 10). The areas consist of three contiguous (Hartford, Howe A and Howe C) and three non-contiguous (Lafayette, Bokoshe & Howe B) exploration licence applications, covering an area of approximately 188 sq. km (Table 7).

In April 2013, Highland GeoComputing LLC (HGC) issued a coal exploration target statement for the Howe and Bokoshe exploration licence application areas (Highland GeoComputing LLC, 2013(d)). In January 2014, HGC issued coal exploration target statement for the Hartford and Lafayette exploration licence applications (Highland GeoComputing, LLC, January 2014).

In July 2012, TOCC filed for two federal coal exploration licences, Bokoshe and Howe (A, B and C sub-areas) near the towns of Heavener, Monroe and Panama in Oklahoma (Highland GeoComputing LLC, 2013(d)). The Howe project consists of three non-contiguous areas, with Howe A and C adjacent to the south and north respectively, of the Hartford tenement. In December 2013, TOCC filed for two federal coal exploration licences, Lafayette and Hartford, in the general vicinity of the towns of McCurtain and Monroe respectively (Highland GeoComputing, LLC, January 2014).

Tenement Area	Approximate Area (sq. km)
Lafayette	28.1
Bokoshe	42.2
Hartford	65.8
Howe A	36.6
Howe C	7.1
Howe B	8.3

Table 7: Oklahoma exploration licence application areas

Geology, Coal Quality and Assessment of Insitu Tonnage Estimation

The target seams in the Oklahoma exploration area are the Upper and Lower Hartshorne seams contained in the Arkoma Basin which is an east-west trending trough extending from southeastern Oklahoma into central western Arkansan. The coal-bearing portion of the basin is approximately 233km long (east-west) and 89km wide (north-south) and is stratigraphically positioned at the top of the Carboniferous aged Hartshorne Sandstone Formation (Norwest Corporation, December 2013).

The McAlester Formation which overlies Hartshorne Sandstone crops within the tenements, except in Howe B, where the overlying Savanna Formation is still present at or near surface (Figure 11).

A series of generally parallel, northeast trending anticlines and synclines traverse the project areas, with dips of each flank generally less than 5 degrees, although dips of up to 15 degrees are interpreted in the Bokoshe project area. Apart from large scale faulting identified along strike from the Lafayette project and in the northern portion of Bokoshe project, no significant faulting has been interpreted to date in the projects.

In the Oklahoma exploration area, the Lower Seam is thicker and has a consistent occurrence within the tenements than the Upper Seam which tends to exhibit lenticular bedding characteristics and seam splitting.

The Upper Hartshorne seam ranks as low to medium volatile bituminous coal, while the Lower Hartshorne seam ranks as medium volatile bituminous coal (Highland GeoComputing, LLC, January 2014). Regionally, the Lower Hartshorne horizon has been historically mined mainly for metallurgical purposes. On an as-received basis, the coal contains low ash (around 2.5-10%), low to medium volatiles (14-26%) and a sulphur content ranging from around 0.5-2.2%, which is generally regarded as medium to low, by world standards (Sanders, 2007; Schweinfurth, 2009; U.S. Geological Survey, 1983). Metallurgical potential exists in portions of all the Oklahoma tenements, with high swelling properties (FSI values ranging 5½ to 9) reported for the Lower Hartshorne seam in all but the Howe B and C sub-areas. Given the proximity of the Oklahoma projects to the P8N mine, Geos Mining expects that the Hartshorne seam might contain a similarly high iron-in-ash content which, along with sulphur contents exceeding 1% in areas, might preclude it from use as a metallurgical coal product on a stand-alone basis. However, the coal would still probably have value as a PCI blending product.

Geos Mining conducted an independent high level assessment of historical exploration drilling data and has used this to calculated insitu coal tonnages in the Oklahoma project areas. The results were compared to the exploration target tonnages estimated by HGC, with the conclusion being that both estimates are in general agreement.

Risk Assessment

Geos Mining has identified issues associated with the Oklahoma projects which have the potential to impact upon its future economic viability, and has quantified the level of risk associated with each (Table 8). Although for some of the project areas, we have identified medium levels of risk associated with geological structure and geotechnical (floor heave, roof instability associated with channel deposit washouts in the coal), these can be reduced through proper management systems. The Howe B sub-area contains lower resource potential than in the other project areas, due to its consistently excessive seam depth (estimated to be around 275-460m), small area and isolated location and hence, any coal is likely to be stranded unless adjacent areas are subjected to mining extraction. There are no other obvious impediments to potential future economic extraction for all of the other Oklahoma project areas and sub-areas.

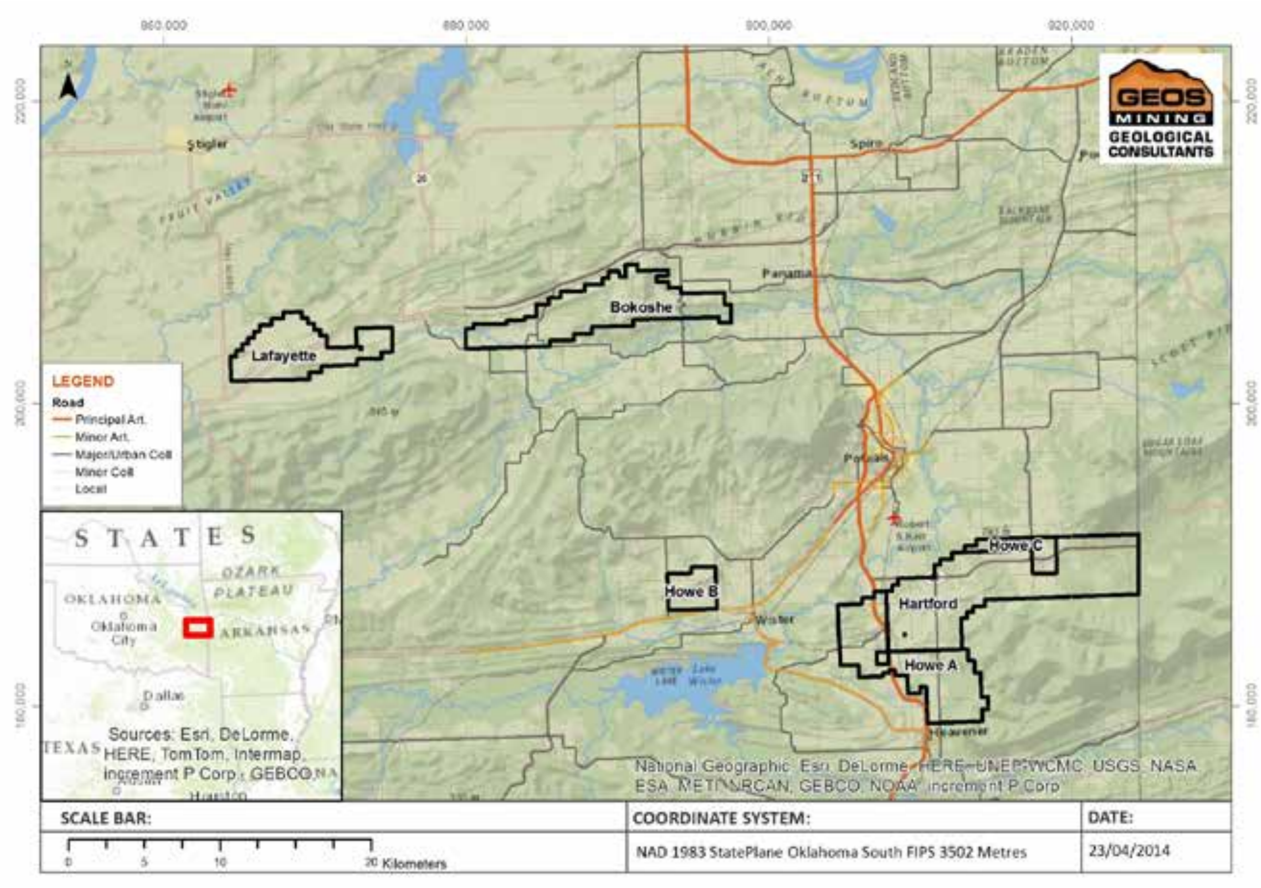

Figure 10: Location of the Oklahoma licences

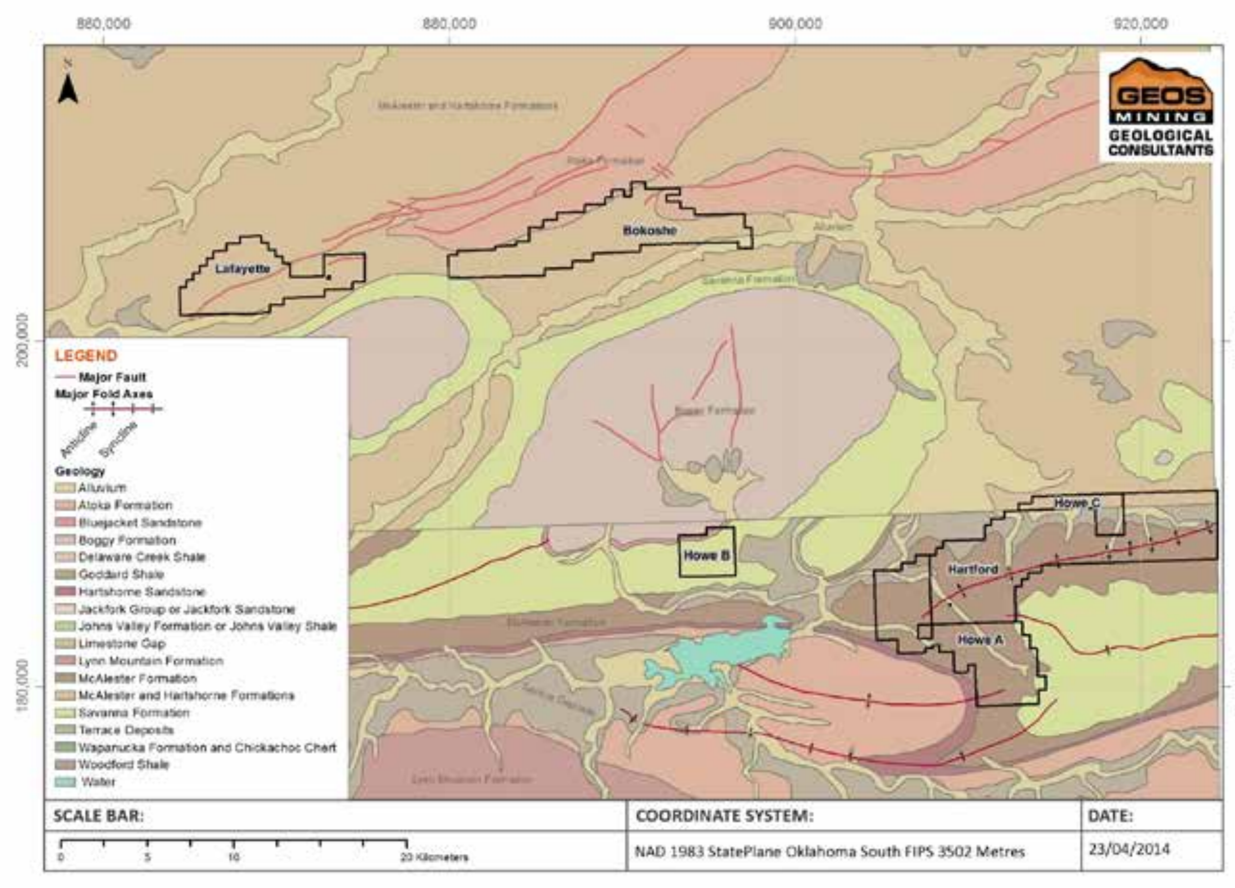

Figure 11: Solid Geology of Oklahoma Project Areas

Risk Issue	Project	Level of Risk (Low, Medium, High) to Mining Development Potential	Risk Description
1a. Geological Structure (faulting)	Howe, Hartford	Low	Antiform will have no impact unless it has created unstable roof conditions or if faulting occurs (Geizer, pers. comm., March 2014)
	Lafayette	Low to Medium	Many of the faults are from historical data. Minor drag expected in the faults. Variable impacts.
1b. Geological Structure (dips)	Howe	Low to Medium (Howe A and C). High (Howe B).	Expect higher dips (up to 10 degrees) than the other three Oklahoma projects. For this reason and other reasons (smaller, isolated area, lacks good adjacent data and contains coal to 460m depth) the resource potential in Howe B area is poor and is lower than in Howe A and C areas.
2. Geotechnical (roof stability, washouts)	Howe, Bokoshe	Medium	Potential exists for sandstone channel deposits associated with seam splitting, to have creating washouts in the Hartshorne lower seam roof. Howe mine also contained water in roof sandstone.
3. Geotechnical (floor stability)	Howe	Medium	Highly slakey floor with heave potential exists at Sebastian Hartford mine and Howe mine.
4. Coal Bed Methane wellholes	Howe, Bokoshe, Lafayette, Hartford	Low	Buffer zones exists around CBM wellholes, but not expected to be a major constraint to mine development (at P8N Mine, mining activities must keep outside a 300ft (91m) diameter and 150ft (46m) radius from CBM wells. If well has been plugged, then mining through it will be allowed.
5. Metallurgical Potential.	Howe, Bokoshe,	Low	Both the Upper and Lower Hartshorne seams have FSI values ranging from 1.5 (unwashed) to 9, which indicate metallurgical potential (Highland GeoComputing LLC, 2013(d)) (Highland GeoComputing, LLC, January 2014).
6. Seam Continuity	Howe, Bokoshe, Lafayette, Hartford	Low	Hartshorne Seam regionally continuous in this portion of Arkoma Basin
7. Community	Howe, Bokoshe, Lafayette, Hartford	Low	No major environmental groups in the region, although land parcels are relatively small and therefore potentially numerous landholders to deal with. The landholder has to provide permission once an EL is granted.
8. Government Approvals	Howe, Bokoshe, Lafayette, Hartford	Low	Exploration Targets will have certain period of time to convert to resources, Dept requires high level environmental plan referred to as a National Environmental Policy Act (NEPA) study, prior to approving exploration activities.

Table 8: Risk Assessment of Hartford, Bokoshe, Lafayette and Howe projects

CONCLUSION

The main potentially economic seam in the Oklahoma projects is the Hartshorne seam, which has underground resource potential only. Risks to resource potential of the Oklahoma project areas are in the low and medium categories, with the exception of the Howe B sub-area. The proximity of the Oklahoma projects to GCI's P8N Mine will enhance their development potential due to the availability of the company's local mining infrastructure, an existing customer base and the future potential for coal beneficiation by means of a CHPP facility. Hence, we conclude that the potential for general potential for resources to be identified in the vast majority of the Oklahoma project areas is good.

Left Fork, Colorado (USA)

Introduction

The Left Fork exploration licence application is located in the Raton Basin in southern Colorado, USA, and covers approximately 67 sq.km. It is situated approximately 5.5km northwest of the city of Trinidad, 2.5km north of the town of Cokedale, and 11km southwest of the Ludlow exit on Interstate-25.

Terrain and Access

The exploration area is in the Raton Basin, which is part of the southern Rocky Mountain foothills province. The province is an extensive plateau with steep hills, fans and valleys. The elevation in the exploration area ranges from approximately 2,300m above mean sea level (amsl) on ridges to 1,900m (amsl) in the south portion of the area, near the Purgatoire River.

The Left Fork exploration licence covers parts of Township 32 South, Range 64 West; Township 33 South, Range 34 West; Township 32 South, Range 65 West; and Township 33 South, Range 35 West. The exploration licence is accessible via oil and gas exploration roads, forest service roads, two-lane county roads and State Highway 12 (Figure 12).

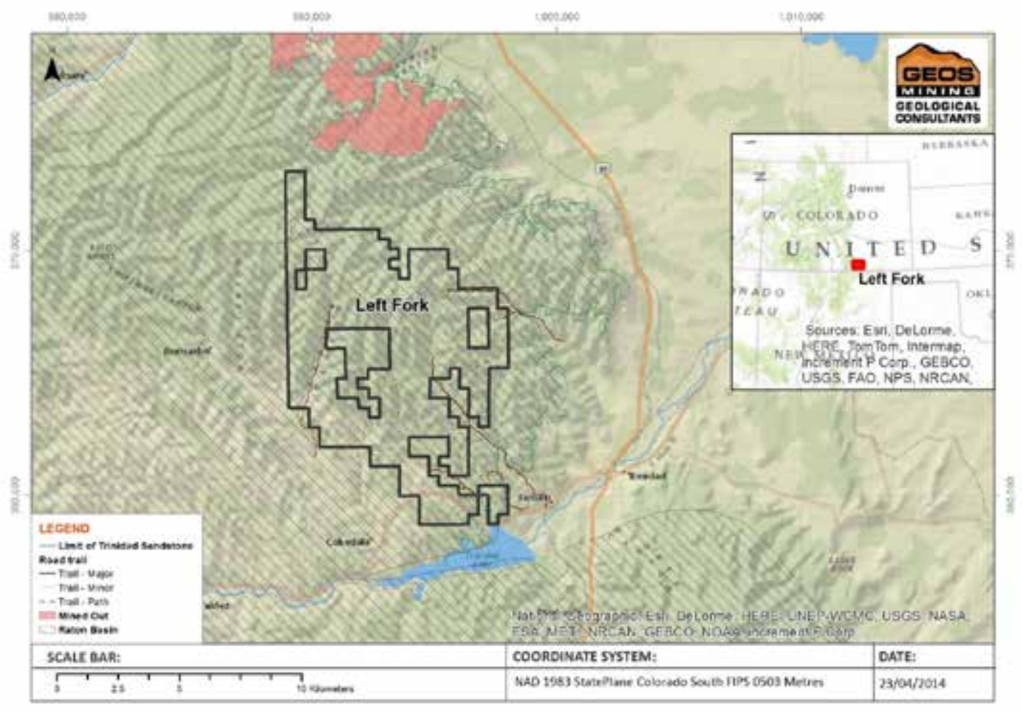

Figure 12: Left Fork Project Location

Geology, Coal Quality and Assessment of Insitu Tonnage Estimation

The project lies in the Raton Basin which is one of series of intermontane structural basins that formed along the eastern margin of the Rocky Mountain Foreland. In the project area, the strata dip gently westwards at 5-10 degrees on the eastern limb of the asymmetric La Veta Syncline. Geological maps from the Colorado Geological Survey do not indicate the presence of any major faults or folds within the application area, although igneous intrusions may exist. The project area contains numerous (15 or more) coal horizons within the Upper Cretaceous Vermejo Formation and Upper Cretaceous to Paleocene Raton Formation. The seams in the Vermejo Formation are typically thicker (ranging from a few centimetres to 4m) and more laterally extensive than those in the Raton Formation (which are generally 0.9-1.8m thick). Vermejo coals have been historically considered the primary target for coal bed methane exploration due to their high gas content, although such holes are mostly located in the area's western portion, where the seams are deeper. Vermejo coals are laterally more extensive than Raton coals (Horlacher, 2012).

The Vermejo and Raton formations in the Left Fork area contain bituminous coals typified by (on as received basis) high volatiles (around 30%), medium ash (around 16-17%), low sulphur (0.60%) and high energy (28 MJ/kg), although the Vermejo coals appear to contain a higher ash content than the Raton coals. The coals in both formations contain metallurgical properties, with FSI values ranging from 1-8 for the Raton seams and from 4-8 for the Vermejo seams. Average seam depth values for individual seams range from 100m to 430m. Hence, the majority of the exploration target in Left Fork has underground potential, although there is some open cut potential in parts of the eastern portion, where seam depths are generally shallower.

A site visit was conducted to the Left Fork project area by Mr D. Kinnes of HGC on 29 March 2014. This visit resulted in confirmation of the presence of outcropping coal and that no obvious changes which might materially affect the Exploration Target stated in HGC's April 2013 report. Appendix 5 contains the statements and Appendix 6 contains the site inspection report.

Geos Mining conducted an independent high level assessment of historical exploration drilling data and has used this to calculated insitu coal tonnages in the Left Fork project area. The results were compared to the exploration target tonnages estimated by HGC, with the conclusion being that both estimates are in general agreement.

Risk Assessment

Geos Mining has rated various issues associated with the Left Fork project into levels of risk to mining development potential (Table 9). These fall into the medium to low categories. The average thickness of all seams (ranging from 0.7-1.1m) is low to marginal in terms of economic underground mining potential, and indicates that some portions of the exploration target area exist where seams might be too thin to be economically mineable by underground methods. Risks to mining development potential range from high to low, with the main issues being community-related, whereby environmental groups are relatively prominent (despite the local region having historically been a mining area) and might impact prominently upon any decision regarding mining by the Colorado Department of Energy and Mines. There are several major historic sites near the study area that may be impacted by development. Both Cokedale and Trinidad have established National Register Historic Districts. The Ludlow Tent Colony Site, site of the Ludlow Massacre of 1914, is located less than 3km north of the study area boundary. The Ludlow Tent Camp is listed on the National Register of Historic Places. Any development that involves federal lands should be prepared to assess the visual impact of development on these, and any other eligible historic sites. Hence, we consider the risk to any open cut mining to be high (also due to the steep terrain), with the likely method being underground (board and pillar). A medium risk exists for high seam gas contents to exist in the western portion, although these can be managed through adequate mine gas drainage planning. A coal rail load out facility (Jansen Rail Yard load-out) exists to the projects immediate south, around 5-6km west of Trinidad township. This facility links onto the Burlington Northern Santa Fe (BNSF) Railway unit train service and its continental rail network, allowing potential access to the major Pacific and Atlantic North American bulk coal export terminals.

Risk Issue	Level of Risk (Low, Medium, High) to Mining Development Potential	Risk Description
1. Geological constraints (washouts, gas, thin seams faulting) to mining	Medium-Low	Depositional features (ie washouts) will be an issue for mining although there's much CBM well data. Dips are relatively flat lying to gently dipping (unlike the Oklahoma tenements). Although there are a number of faults in area, these should not pose a major impediment to mining. A medium risk of high gas content in western portion where coal deepens. Average thickness of all seams is low to marginal for economic underground mining potential.
2. Community	Low-Medium	Although the area has historically been a mining area, the environmental groups have a prominent presence. Some holiday cabins and ranches exist. Trinidad area has low employment, a pro-business local government, is outside a wilderness area, and is predicated by a substantial level of oil and gas activity. Any community environmental activity is likely to delay the project rather than preclude it.
3. Metallurgical potential	Low-Medium	In adits there were analyses containing FSIs in the 5-6 range, but the multiple seam units show various ranges – significant variation in metallurgical and thermal properties.
4. Distance from transport	Low	A coal rail load out facility (Jansen Rail Yard load-out) exists to the project's immediate south (around 5-6km west of Trinidad township), and links onto the Burlington Northern Santa Fe (BNSF) Railway unit train service and its continental rail network, allowing potential access to the major Pacific and Atlantic North American bulk coal export terminals.

Table 9: Risk Assessment of Left Fork Project

Conclusion

Geos Mining concludes that the mining development potential for the Left Fork project will depend upon the identification of seams containing mineable thicknesses over sufficient areas, and the results of further exploration. Also, the local community's response to mining is more likely to be acceptable to underground methods than to open cut. However, the existence of multiple seams at Left Fork presents opportunities for multi-seam underground mining, along with the coal's metallurgical (at least PCI) potential in some portions, might make it an attractive project should the two main issues identified earlier be successfully addressed. The region's economic coal potential has already been demonstrated by the fact that Cline Mining is currently conducting metallurgical coal mining activities at New Elk Mine in the same Raton Basin, which is proximally situated to the west of the Left Fork project area.

Elko (BC, Canada)

Introduction

The Elko exploration licence application is located in the Kootenay Region of southeastern British Columbia, approximately 26 km east of Elko Township and 30 km south of Fernie township (Figure 13). The Elko Project consists of three exploration licence applications (application no. 418322 comprising 1,159 Ha situated in the south, application no. 418320 comprising 834 Ha situated in the northeast, and application no. 418320 comprising 1,002 Ha situated in the northwest) covering a total area of 2,995 Ha. In 2013, Highland GeoComputing conducted a brief review of the potential coal tonnages within the Elko licence applications (Highland GeoComputing, LLC, May 2013(a)).

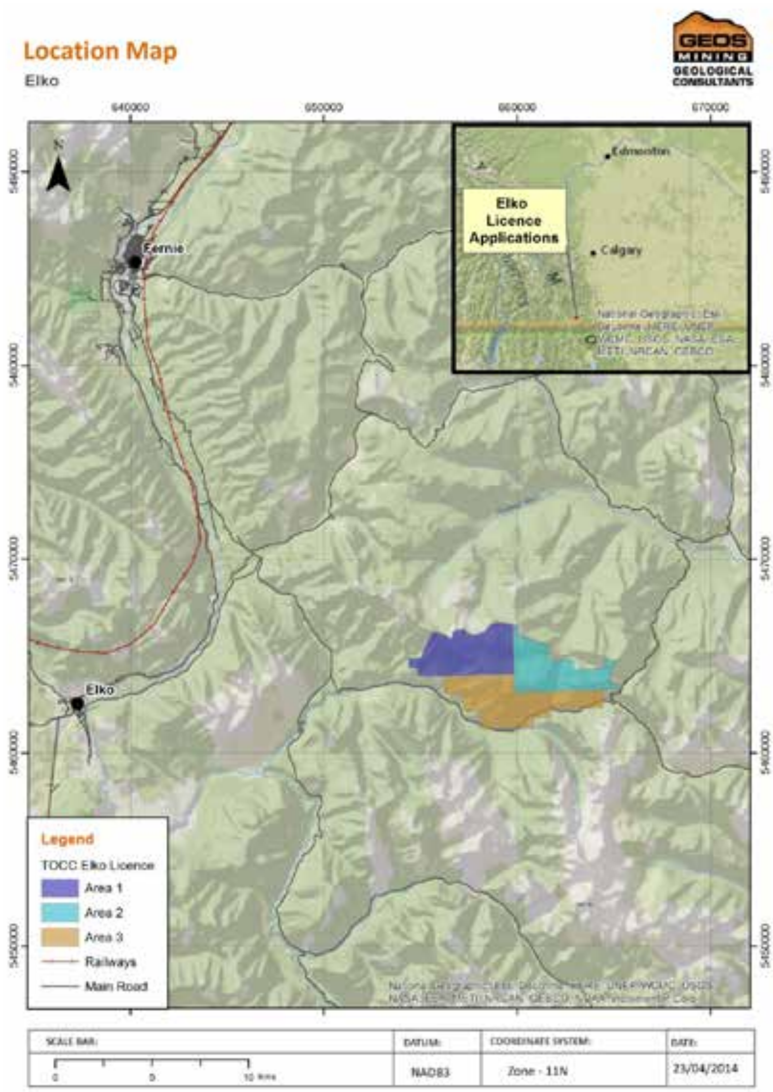

Figure 13: Elko Project Location

Terrain and Access

The terrain is generally of high elevation ranging from 1,200m – 2,100m. The terrain generally comprises high elevation ranging from 1,200m – 2,100m. Meteorological records from Fernie between 1981 and 2007 show that average maximum temperatures typically range from 16˚C in mid-summer to -8 ˚C in mid-winter. Average precipitation averages 1,227mm with snowfall occurring typically on 50 days in any given year.

Access is primarily via 4WD trails and service roads. Good logging road access is possible to the edge of the Elko licence areas. Secondary trails, some of which have been reclaimed, exist within the licences. Along Highway Three there is infrastructure including railway lines located approximately 30-40km away.

The Elko Project lies within the Ktunaxa traditional territory which is currently involved in treaty negotiations with the Government of British Columbia.

A site visit to the Elko project area was planned but could not be conducted due to access conditions being unsafe due to excessive snow cover on access roads. Geos Mining does not consider this to present a material impact upon the conclusions presented in this report.

Geology, Coal Quality and Assessment of Insitu Tonnage Estimation

The Elko applications are located within the Crowsnest Coalfield, part of the larger East Kootenay Coalfield. The licence areas lie within the Front Ranges of the Rocky Mountains, a structural domain characterised by folding and thrust faults.

The Mist Mountain Member of the Kootenay Group is the main economic coal bearing unit in the region, with individual seams ranging from 1-15m in thickness (Figure 14). Strata are generally moderate to steeply dipping, with major synclines being a primary coal exploration target. Regional correlation of individual seams is generally not possible due to structural complexity.

In terms of coal quality, four of the six seams sampled (ranging from 1.6-11.7m thick and from 280-640m depth) from one drillhole located in Elko Area 1, gave medium to high ash contents, ranging 18-47% (suspect as received basis), although upon washing at F1.50, a low ash product ranging 6.6-9.8, could be obtained with yields ranging from 41-68%. FSI values for these samples ranged from 1-6 for raw coal and from 1-8 for washed coal, demonstrating that both metallurgical and thermal potential exists in the coal at Elko.

Some portions of the Elko application areas might contain open cut mining potential, although the majority is likely to contain underground mining potential.

Geos Mining conducted an independent high level assessment of historical exploration drilling data and has used this to calculated insitu coal tonnages in the Elko area. The results were compared to the exploration target tonnages estimated by HGC, with the conclusion being that both estimates are in general agreement.

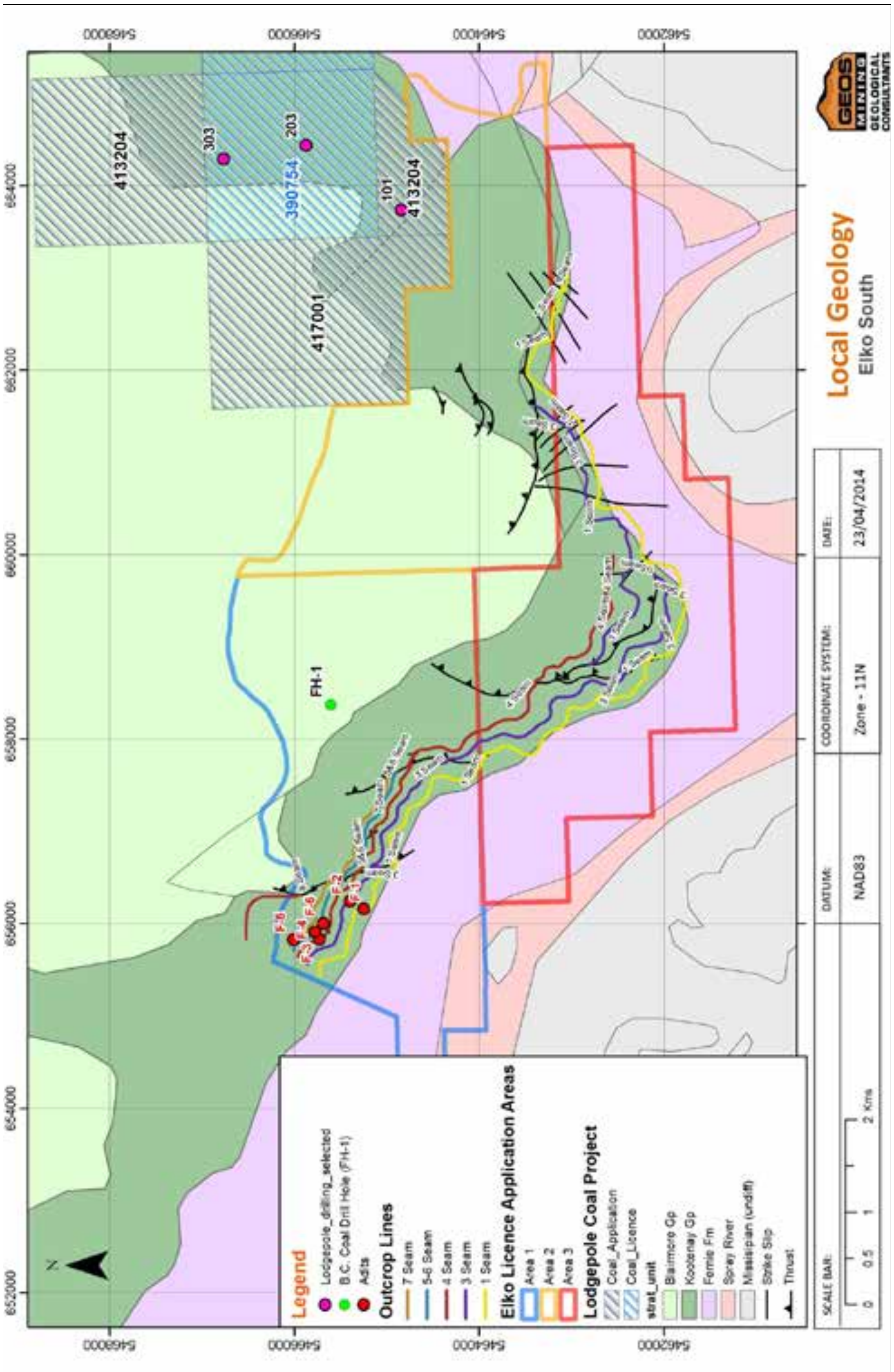

Figure 14: Local geology of the Elko project (Nb: seam crop lines and fault traces were digitised by Higland Geocomputing using B.C. Coal historical maps)

Risk Assessment

The Elko application areas contain several medium level risks which might affect its underground mining potential. These are geological (medium to steep dips, complex faulting, seam continuity), mountainous terrain, cold climate extremes, generally poor access, long distance to rail or port, and lack of infrastructure. Limitations to road access are likely to be in effect during spring thaws and autumn freeze up. However, the seams are considered to be more continuous and thicker than in South Hazell, and the geology fairly well exposed. An additional risk factor is the potential for a drawn out consultation and licence approval process which is common with BC licence applications. There is a chance it may be several more years until the licences are approved (or rejected).

In terms of potential environmental constraints, the Elko project area lies adjacent to the Flathead Watershed Coal Land Reserve gazetted in February 2010 by the British Columbia Government. The Lodgepole, Sage and Cabin Creek coal mine proposals have been abandoned by Cline Mining who is now seeking compensation as a result. It remains unclear if the close proximity of the Elko Licences to this area will have a major impact on future development but certainly poses an additional risk factor. In addition, an alliance of environmental groups is proposing a park which includes the Flathead River Basin and surrounding regions with a goal to create a wildlife corridor running from Montana and into northern British Columbia.

The economic coal potential of the local region is demonstrated by the fact that an operating coal mine, Coal Mountain, operated by Teck Coal Limited, is located only approximately 20km to the north of the Elko project. While distances to rail infrastructure are significant, there is potential to link up with the existing rail at this operation. This would normally be expected to involve transportation over into the Flathead region. However, given the existence of the Flathead Watershed coal mining moratorium, this may not be possible and hence, such transport would likely need to utilise an alternative (and longer) route.

Selenium contamination issues have been experienced at the Coal Mountain and would need to be considered prior to any future development. Rigorous environmental management of mining operations will be necessary, as demonstrated by Teck Coal Limited.

Conclusion

Although the Elko application areas contain several medium level risks which might affect its underground mining potential, some of the seams contain metallurgical potential (at least PCI). Hence, if future exploration identifies reasonably thick, continuous seams in areas containing moderate to low dipping, unfaulted areas, then resources might be identified in one or more of the Elko application areas. The economic coal potential of the local region is demonstrated by the fact that an operating coal mine, Coal Mountain, operated by Teck Coal Limited, is located only approximately 20km to the north of the Elko project.

Given the coal's metallurgical potential, if the potential environmental constraints can be successfully overcome and if future exploration identifies reasonably thick, continuous seams in areas containing moderate to low dipping, unfaulted areas, then resources might be identified in one or more of the Elko application areas.

South Hazell (BC, Canada)

Introduction

The South Hazell licence applications comprise three sub-areas totalling 2,982 Ha, situated in the Kootenay Region of southeastern British Columbia, approximately 23 km southeast of Fernie township and 2.5km west of Corbin in the Kootenay Region (Figure 15). In May 2013, Highland Geocomputing conducted a brief review of the potential coal tonnages within the South Hazell licences.

Terrain and Access

TOCC filed three coal licences in March 2013 with the BC Ministry of Energy and Mines. The South Hazell licences lie within the Kootenay Ranges with mountainous terrain comprising much of 418197 and 418196, with 418148 containing more moderate relief. The three licences comprise a total area of 2,982 Ha, with 1227 ha in licence 414148, 809 ha in 418197 and 946 ha in 418196. The best access is provided by Corbin Road, primarily to 418148, with 4WD trails and service roads providing access to the other licence areas.

Geology, Coal Quality and Assessment of Insitu Tonnage Estimation

The South Hazell project in the Crowsnest Coalfield, part of the larger East Kootenay Coalfield. The Mist Mountain Formation of the Kootenay Group is the main economic coal bearing unit for the region with individual seams ranging from 1 to 15m in thickness (Figure 16). The areas lie within the Front Ranges of the Rocky Mountains, a structural domain characterised by folding and thrust faults, and contain generally moderate to steeply dipping strata, some major synclines and several thrust faults.

It is important to note that the nomenclature of the seams in the South Hazell tenements vary in each mine or prospect areas despite probably referring to the same seam/s. The laterally extensive coal seam at the base of the Mist Mountain Formation is known as Seam No. 2 at Tent Mountain, Mammoth Seam at Coal Mountain, and Seam No. 10 and Balmer Seam at Taylor Mountain South (Golder Associates, 2012(c)). This is likely due to the structural complexity of the area making regional correlation of individual seams rather difficult.

The majority of the of the South Hazell project is likely to contain underground mining potential, although some portions might contain open cut mining potential.

Raw coal quality analysis results from grab samples taken by Kaiser Resources (Taylor & Zral, 1979) and Coleman Collieries Ltd (Beresford, 1977)) show that although the coal at South Hazell contains mostly high ash (ranging 16-51%, dry basis), it has PCI potential, with estimated product (washed) coal FSI values ranging from 3½-5 (Table 3 in Highland GeoComputing, LLC, May 2013(b)).

Geos Mining conducted an independent high level assessment of historical exploration drilling data and has used this to calculated insitu coal tonnages in the South Hazell area. The results were compared to the exploration target tonnages estimated by HGC, with the conclusion being that both estimates are in general agreement.

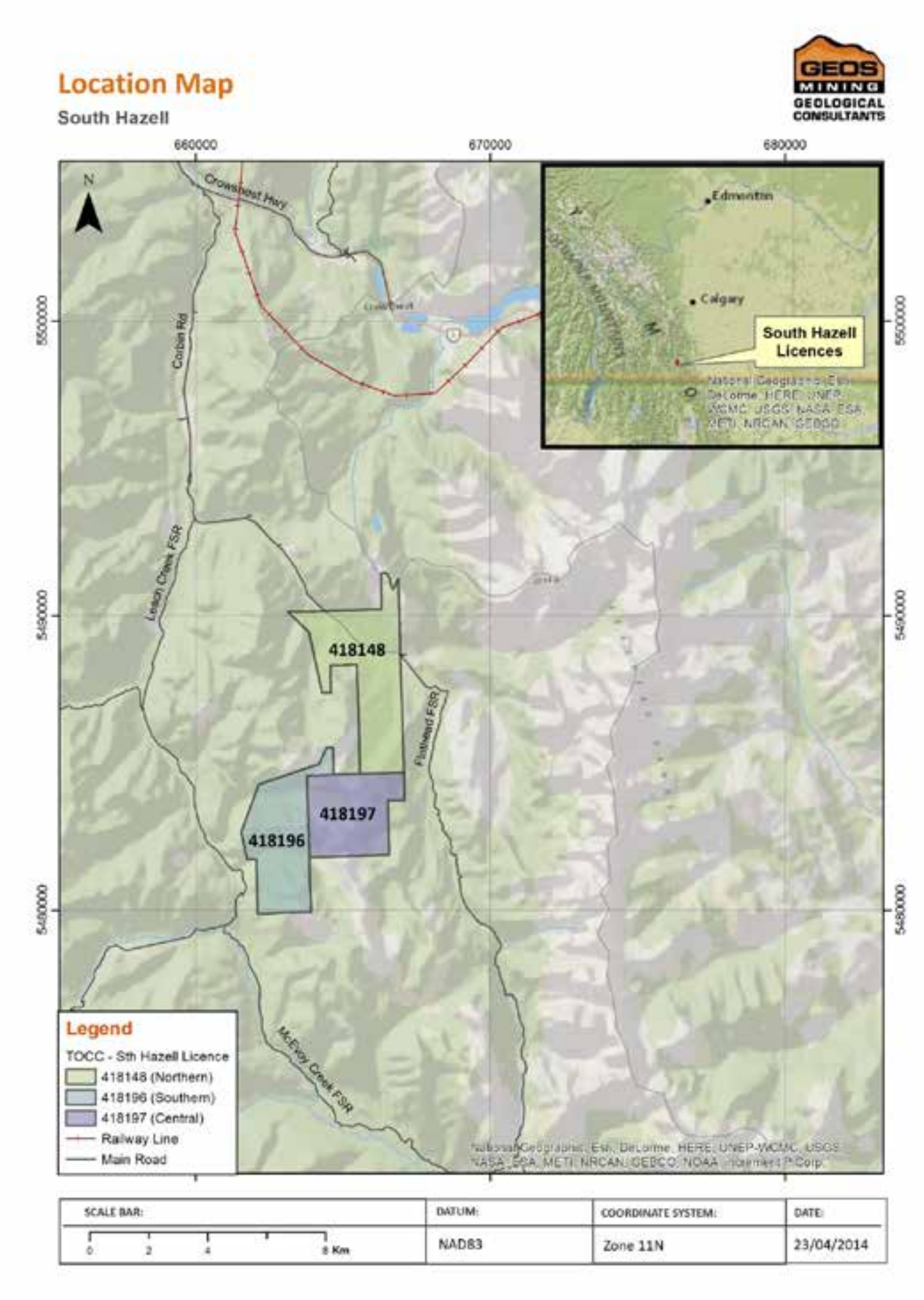

Figure 15: South Hazell Project Location

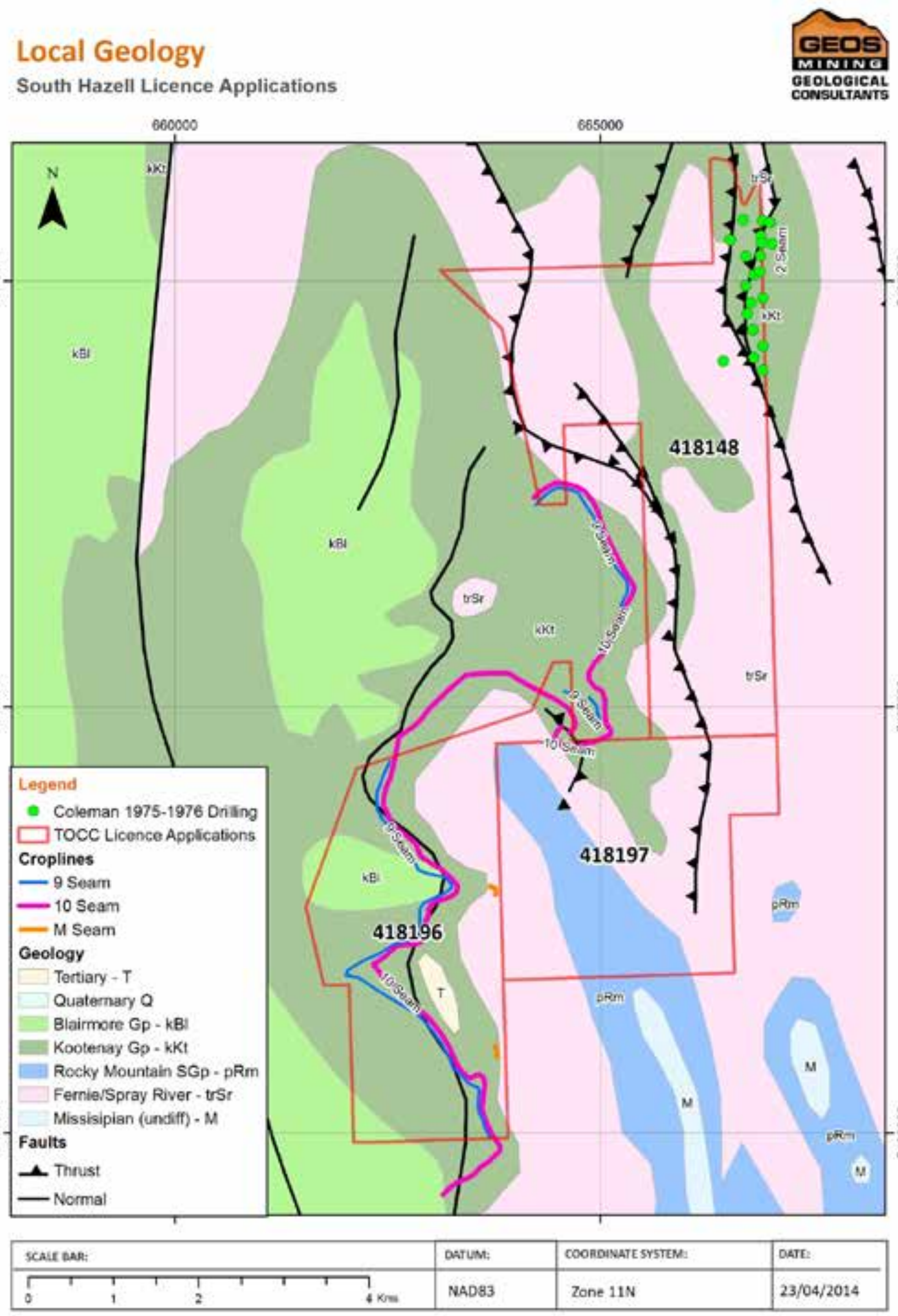

Figure 16: South Hazell Solid Geology

(Nb: seam crop lines are based on historical report maps as digitised by Highland Geocomputing LLC)

Risk Assessment

The South Hazell application areas contain medium level risks, some of which are similar to those in Elko (ie medium to steep dips, complex faulting, seam continuity, mountainous terrain, cold climate extremes, generally poor access, long distance to rail or port) although the seams in South Hazell are likely to be less continuous and thinner than at Elko, which is likely to reduce its mining potential. However, compared to Elko, South Hazell is more proximal to infrastructure, which might be required for mining activities. Also, the local community's response to mining is significantly likely to be acceptable to underground methods than to open cut. As is the case with the Elko project, an additional issue is the potential for a drawn out consultation and licence approval process which is common with British Columbia coal licence applications and thus, there is a chance it may be several more years until the licences are approved (or rejected).

Conclusions

The majority of the of the South Hazell project is likely to contain underground mining potential, although some portions might contain open cut mining potential. The South Hazell application areas contain medium level risks to mining development potential which are related to geology, terrain, climate, extreme, access and distance to transport and ports. However, some of the seams contain PCI potential and hence, if future exploration identifies reasonably thick, continuous seams in areas containing moderate to low dipping, unfaulted areas, and the other potentials constraints mentioned earlier can successfully be overcome, then resources might be defined in one or more of the South Hazell application areas.

Wapiti, Peace River (BC, Canada)

Introduction

The Wapiti project comprises two coal licence application sub-areas covering 2,400 Ha in the Peace River Coal Field in the Rocky Mountain Foothills physiographic region. The 418179 licence application sub-area lies approximately 40 km southeast of Tumbler Ridge. A geological review of the three applications was conducted by Highland Geocomputing in December 2013 which included an in-situ coal exploration potential tonnage estimate over 418179 and 418181 (Highland GeoComputing LLC, December 2013).

TOCC lodged applications in May 2012 for three coal exploration licences with the tenure numbers 418179 (South Central 600 ha) and 418181 (Southern 1200ha) (Figure 17).

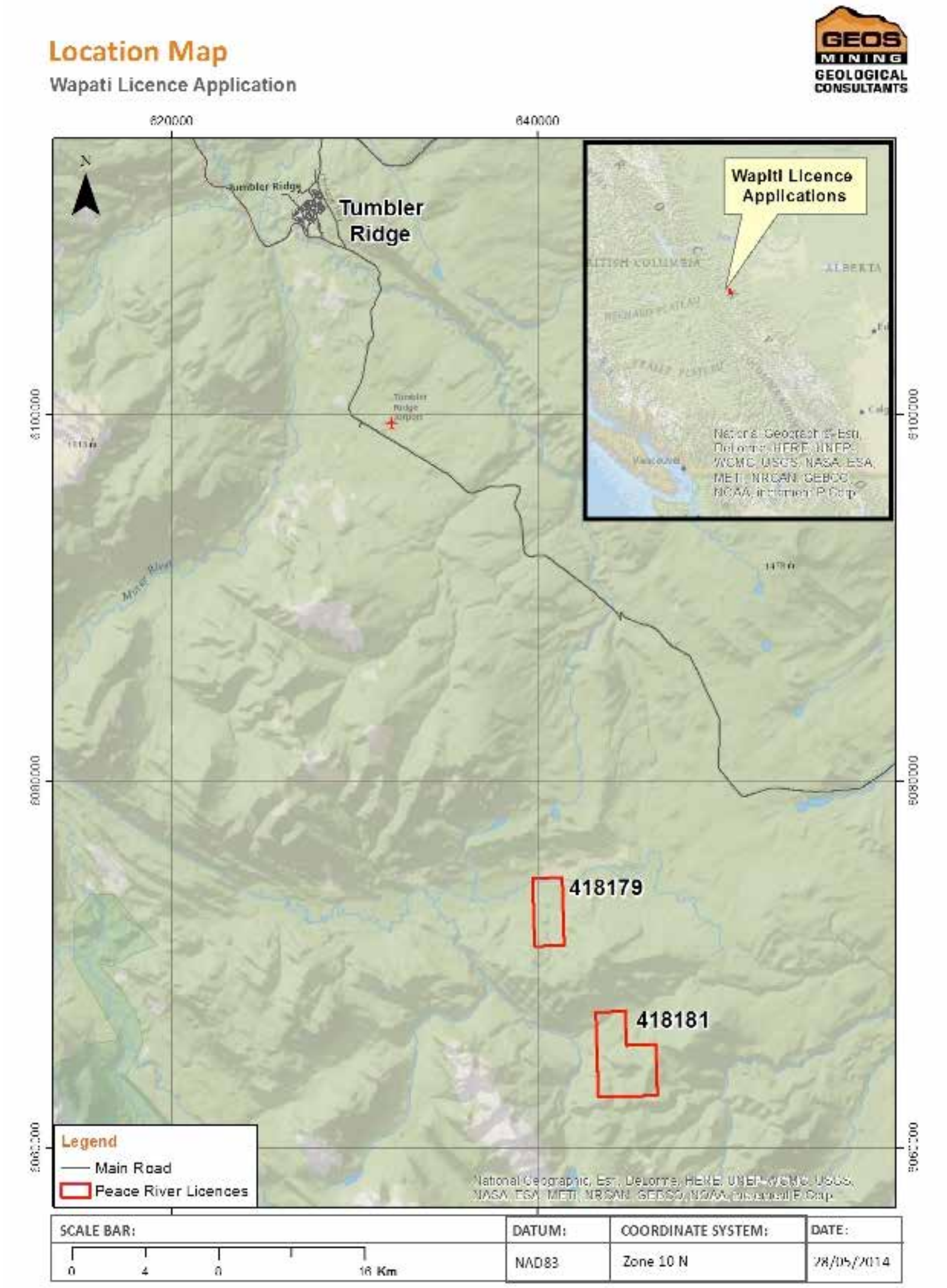

Figure 17: Wapiti Project Location

Terrain and Access

Minor unsealed roads provide limited access to the general vicinity of the licence application sub-areas. Licence application sub-area 418179 is heavily forested and remote, and the nearest access road is the unsealed South Grizzly Road which lies 1-2 km to the north. Sub-area 418181 lies a further 5 km southwest of sub-area 418179 in remote forested country and has no identified direct access roads.

Geology, Coal Quality and Assessment of Insitu Tonnage Estimation

The Peace River Coal Field (PRCF) lies within the Rocky Mountain Belt Coal Field, a belt of Mesozoic sediments, with coal seam development in the Cretaceous Gething Formation (Figure 18). The area contains folds that range from tight, slightly inclined, anticline – syncline pairs to large box shaped anticlines. The folds are commonly cut by thrust faults which slice longitudinally through coal bearing strata.

The Gates and Gething coal seams are normally comprised of medium-volatile bituminous coal. The project area is typified by lack of outcrop, thin seams, and high ash content (often associated with abundant stone partings). Raw coal quality (suspect as received basis) is typically medium to very high ash (13-58%), although some samples returned 7-8% raw ash values. Sulphur is highly variable from low to very high (0.29-5.84%) with volatile matter low (12.5-21%). The raw coal has metallurgical potential, with FSI values ranging from 1-8.

Geos Mining concludes that the Wapiti exploration licence application area contains exploration potential for minor tonnages (<30 Mt insitu) of coal. The total insitu tonnages estimated by Geos Mining are comparable to the HGC exploration target estimates.

Risk Assessment

An assessment of risks associated with future resource potential in Wapiti has identified a substantial amount of high level risks, such as structural (complex folds and thrust faults), coal characteristics (thin, very high ash, banded seams, very high sulphur in some areas) environmental, remoteness, heavy forest and poor road access. There also exists potentially major community (recreational dwellings for environmentalists and game hunters) and native title (numerous different groups involved) issues. As is the case with the Elko and South Hazell projects, an additional issue is the potential for a drawn out consultation and licence approval process which is common with British Columbia coal licence applications and thus, there is a chance it may be several more years until the licences are approved (or rejected).

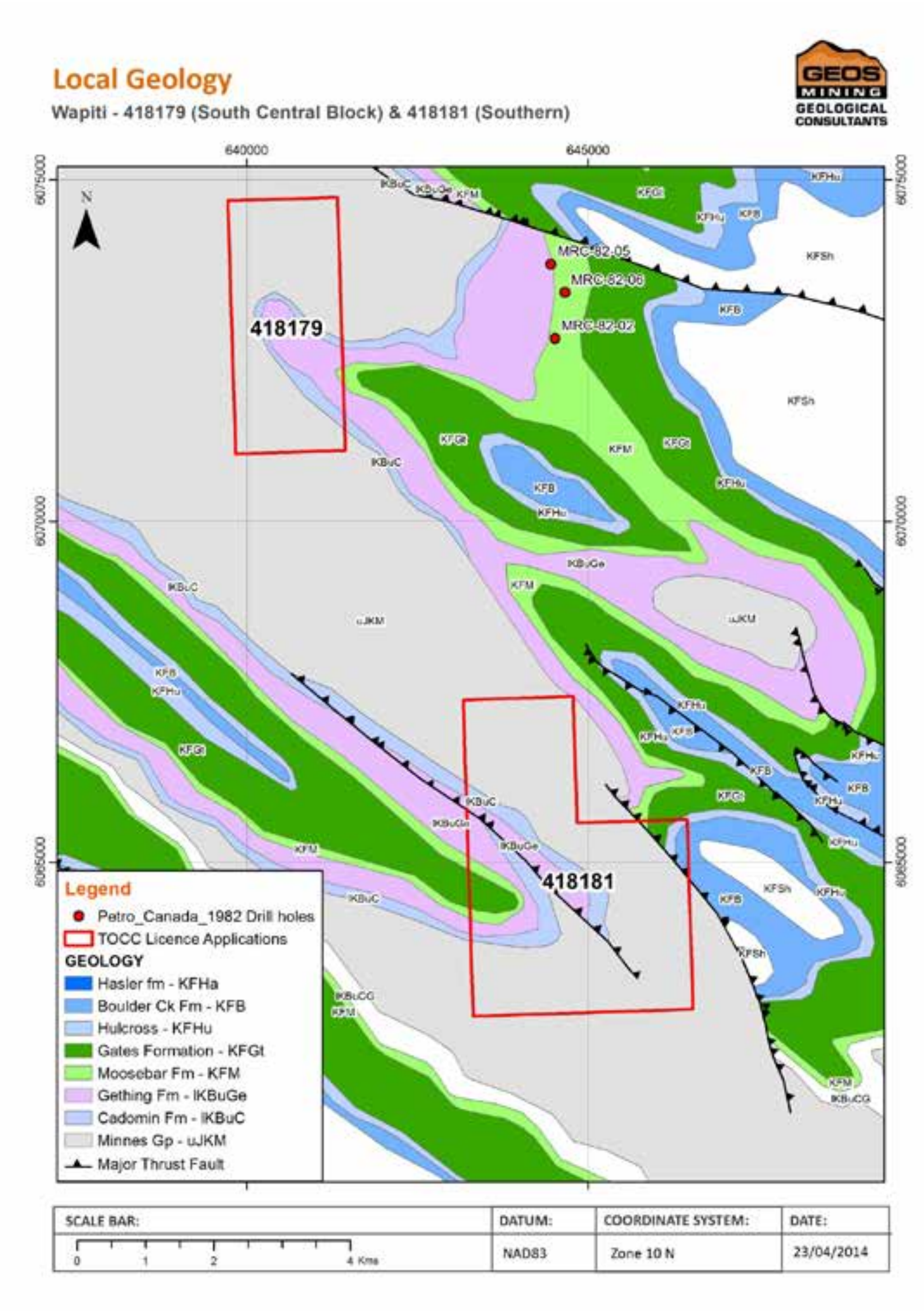

Figure 18: Wapiti exploration licence applications 418179 (South Central) and 418181 (Southern) Solid Geology (NB: Petro Canada drillhole data were used for thickness and coal quality of Gething Formation (red dots)).

CONCLUSION

Geos Mining concludes that the Wapiti exploration licence application area contains exploration potential, with a relatively small coal deposit (less than 30 Mt insitu) likely. Further exploration and assessment of these risk-related issues may result in the identification of a JORC classified Exploration Target. The total insitu tonnages estimated by Geos Mining are comparable to the HGC exploration target estimates. We envisage that any future mining would be likely to utilise underground methods. However, we conclude that the Wapiti project is unlikely to advance to a resource stage for the reasons outlined above. However this potential cannot be ruled out because the coal seams typically exist at depths of less than 160m and contains metallurgical potential.

General Recommendations

Geos Mining concludes that a risk assessment of all of TOCC's projects in the USA and Canada, has not identified any risk impairments. Geos Mining's JORC Code 2012 classified exploration target estimations for these projects (except Wapiti, which is unlikely to advance to a resource stage) are in general agreement with those previously presented by TOCC and hence, we conclude that the latter's estimates are reasonable.

Regarding the P8N Mine asset, we recommend that GCI considers applying additional management strategies to the issues of exploration, coal quality and mine safety, in order to lower the risk to the future economic viability. Furthermore, a revision of resources and assessment of exploration target potential in the areas immediately surrounding the P8N Mine, is conducted in order to better define resource tonnages and coal quality, and to enable better mine planning and reserves definition.

Statement of Capability

Geos Mining is a privately owned independent consulting company providing exploration and geological services to the mining industry. These services regularly include independent technical reviews and valuations. Geos Mining employs senior consultants who are JORC and VALMIN competent in a wide variety of commodities.

The resources and exploration target referred to in this report are based on information collated by Mr Tom Bradbury, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Bradbury is an employee of Geos Mining. Mr Bradbury has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'.

Statement of Independence

Report author, Tom Bradbury, Geos Mining, all contributors to the report and all shareholders of Geos Mining are independent of and have no financial interest in Metals Finance Limited or any associated companies.

Geos Mining will be remunerated for this report on a fee for service basis, charged hourly, with no success incentives.

LIMITATIONS AND CONSENT

Mr Bradbury consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Geos Mining consents to its report being provided to Metal Finance Limited's shareholders in the form and context in which it appears.

References

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Investigating Accountant's Report

9

HALLCHADWICK
Corporate Finance & Advisory Services

HALL CHADWICK CORPORATE (NSW) LIMITED

ACN 080 462 488

SYDNEY

Level 40, 2 Park Street
Sydney NSW 2000 Australia

GPO Box 3555 Sydney NSW 2001

Ph: (612) 9263 2600

Fx: (612) 9263 2800

E: hcsydinfo@hallchadwick.com.au

www.hallchadwick.com.au

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INVESTIGATING ACCOUNTANT'S REPORT

29 September 2014

The Directors
Metals Finance Limited
Level 14, 52 Phillip Street
SYDNEY NSW 2000

Dear Sirs,

Investigating Accountant's Report and Financial Services Guide

We have prepared this Investigating Accountant's Report (report) at the request of the Directors of Metals Finance Limited (the "Company"), for inclusion in a Prospectus relating to the proposed issue by the Company of up to 25,000,000 shares at $0.20 per share to raise up to $5,000,000 with a free attaching option for every share applied for, exercisable at $0.25 each on or before 31 December 2017. The minimum subscription is 17,500,000 shares at an issue price of $0.20 each to raise $3,500,000 before the costs of the issue ("the Prospectus").

Expressions and capitalised terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License (No. 227902) under the *Corporations Act 2001*. Hall Chadwick Corporate (NSW) Limited holds the appropriate Australian Financial Services License.

Background

The Company is listed on the Australian Securities Exchange ("ASX") and is actively seeking new investment opportunities capable of bringing value to shareholders.

The Company is in the process of completing the acquisition of Texas & Oklahoma Coal Company Limited ("TOCC"), subject to shareholder and regulatory approvals.

TOCC is an unlisted public company that is focused on developing substantial coking coal projects in Canada and the United States.

TOCC has also negotiated the terms of a share purchase agreement with Georges Colliers Inc ("GCI"), whereby TOCC would acquire between 30% and 47% of GCI, with the amount to be acquired based on the total funds raised from the Offer. The purchase price will be the pro-rata equivalent to an equity value for 80% of GCI of US$1.95 million.

Georges Colliers Inc ("GCI"), among other things, operates the P8 Mine, located in Le Flore County, Oklahoma, supplying coal to a nearly power plant.

An Independent Technical & Geological Report on the assets of TOCC and GCI was issued on 20 May 2014 to MFC by Geos Mining Minerals Consultants ("Geos Report"). The Geos Report stated that "the P8N Mine is a conventional board and

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pillar underground mine producing around 0.35-0.45Mtpa product coal from the Carboniferous Hartshorne seam, using a single super section mining unit comprising two continuous miners. The ROM (run-of-mine) coal is crushed and screened on-site to produce a domestic thermal product which is then trucked to the nearby Shady Point Power Station. A minor proportion has been sold to the industrial market for cement manufacture. The coal is potentially suitable as a PCI (precast/prestressed cement) blend and possibly stand-alone PCI product, depending on results of further metallurgical testing."

The proposed staged payments for the purchase by TOCC/MFC of GCI equity is as follows (based on a valuation of 80% of GCI equity of US$1.95 million):

- MFC raises up to $3 million, net of listing costs, then MFC acquires 30% of GCI equity;
- MFC raises between $3 million - $4.7 million, net of listing costs, then MFC acquires 30% plus prorated amount of GCI equity up to 47%;
- MFC raises between $4.7 million and US$8 million, net of listing costs, then MFC acquires 47% of GCI equity;
- MFC raises greater than $8 million, net of listing costs, then MFC acquires up to 80% of GCI equity.

An option fee of US$50,000 was paid by TOCC to extend the period to 18 November 2014 to allow MFC to complete its first stage Capital Raising which amount will be paid towards the purchase. With the successful completion of MFC's first stage Capital Raising, the Option Extension Fee locks the pro-rata Purchase Price at US$1.95m for a period up to 31 December 2015.

A further option fee of US$50,000 is payable by TOCC to extend the option period from 31 December 2015 to 31 March 2016, which will be paid towards the purchase.

The Company intends to use the funds raised from the Offer to complete a three-phase medium-term development strategy, including the acquisition and development of the P8 Mine and the development of TOCC's Canadian coking coal projects.

Potential investors should read the Prospectus in full. We make no comments as to the value of the current and proposed activities of the Company.

Scope

You have requested Hall Chadwick Corporate (NSW) Limited to prepare an Investigating Accountant's Report covering the following information:

Consolidated Historical Financial Information

Historical Consolidated Statement of Financial Position as at 30 June 2014 of the Company.

Pro-forma Consolidated Historical Financial Information

a) Pro-forma Consolidated Statements of Comprehensive Income of MFC and TOCC for the following periods:
    i) Year ended 30 June 2014; and
    ii) Year ended 30 June 2013;

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Corporate Finance & Advisory Services

b) Pro-forma Consolidated Statements of Cash Flows of MFC and TOCC for the following periods:
   i) Year ended 30 June 2014; and
   ii) Year ended 30 June 2013; and
c) Pro-forma Consolidated Statements of Financial Position, including:
   i) The Historical Consolidated Statements of Financial Position of the Company and TOCC as at 30 June 2014;
   ii) The raising under this Prospectus of between $3,500,000 (minimum) and $5,000,000 (maximum), less costs of the Offer;
   iii) The acquisition by TOCC of between 30% (minimum) and 47% (maximum) of GCI; and
   iv) Subsequent events detailed at section 6.5 of the Prospectus, based on the Historical Consolidated Statements of Financial Position as at 30 June 2014.

The above are known as the “Consolidated Historical Financial Information” and “Pro-forma Consolidated Historical Financial Information”.

MFC and TOCC assets are not yet generating any significant income, therefore historical statements of comprehensive income for periods prior to 2013 have not been disclosed as they only include early stage exploration and administrative expenses, the total of which is included in the accumulated losses as at 30 June 2014.

The Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information and the transactions to which the pro forma adjustments relate, as if those transactions had occurred as at 30 June 2014, or prior to that date. Due to its nature, the Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information does not represent the Company’s prospective financial position.

Scope of review of Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information

The Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information has been extracted from the financial accounts of the Company, TOCC and GCI.

The Company has a 31 August financial year-end. The General Purpose Financial Reports for the Company have been subject to an annual audit by BDO Audit Pty Ltd and a half year review report to 28 February 2014.

Special purpose financial reports for the Company and TOCC were prepared for the following periods:

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Corporate Finance & Advisory Services

a) Year ended 30 June 2014; and

b) Year ended 30 June 2013 ("Special Purpose Financial Reports")

The Special Purpose Financial Reports have not been subject to any form of audit or review.

GCI has a 31 December financial year-end. GCI financial accounts have been subject to an annual audit by Christopher A. Turner PLLC in accordance with accounting principles generally accepted in the United States of America. The pro forma investment in GCI is an investment in an associate as the Company would have significant influence, but not control, over the GCI's financial and operating policies.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information, including the selection and determination of pro forma adjustments made to the historical financial information included in the Pro forma Consolidated Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information, comprising:

a) Pro-forma Consolidated Statements of Comprehensive Income of MFC and TOCC for the following periods:

   i) Year ended 30 June 2014; and

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Corporate Finance & Advisory Services

   ii) Year ended 30 June 2013;

b) Pro-forma Consolidated Statements of Cash Flows of MFC and TOCC for the following periods:
   i) Year ended 30 June 2014; and
   ii) Year ended 30 June 2013; and

c) Pro-forma Consolidated Statements of Financial Position, including:
   i) The Historical Consolidated Statements of Financial Position of the Company and TOCC as at 30 June 2014;
   ii) The raising under this Prospectus of between $3,500,000 (minimum) and $5,000,000 (maximum);
   iii) The acquisition by TOCC of between 30% (minimum) and 47% (maximum) of GCI; and
   iv) Subsequent events detailed at section 6.5 of the Prospectus, based on the Historical Consolidated Statements of Financial Position as at 30 June 2014.

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 6.5 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial information to which it relates, for any purpose other than that for which it was prepared.

Consent

Hall Chadwick Corporate (NSW) Limited has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Hall Chadwick Corporate (NSW) Limited does not have any interest in the outcome of the Prospectus other than the issue of this report for which normal professional fees will be received. Hall Chadwick Corporate (NSW) Limited does not hold nor have any interest in the ordinary shares of the Company.

Hall Chadwick Corporate (NSW) Limited was not involved in the preparation of any part of the Prospectus, and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

Yours faithfully

Drew Townsend
Director
HALL CHADWICK CORPORATE (NSW) LIMITED

HALLCHADWICK
Corporate Finance & Advisory Services

FINANCIAL SERVICES GUIDE

Dated 29 September 2014

What is a Financial Services Guide (FSG)?
This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 ("HCC").

This FSG includes information about:
- HCC and how they can be contacted;
- the services HCC is authorised to provide;
- how HCC are paid;
- any relevant associations or relationships of HCC;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Investigating Accountant's Report ("Report") which has been prepared for inclusion in a Prospectus. The purpose of the Prospectus is to help you make an informed decision in relation to a financial product. The contents of the Prospectus, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that HCC is authorised to provide
HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you
HCC has been engaged by the Directors of Metals Finance Limited to prepare this Report for inclusion in a Prospectus in relation to the public offering of shares in Metals Finance Limited on the ASX ("Offer").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. HCC nor the employees of HCC are acting for any person other than Metals Finance Limited. HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice
As HCC has been engaged by Metals Finance Limited, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report. You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees HCC may receive
HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, Metals Finance Limited. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Metals Finance Limited has agreed to pay HCC $20,000 (excluding GST and out of pocket expenses) for preparing the Report. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

HCC officers and representatives receive a salary or a partnership distribution from Hall Chadwick Sydney professional advisory and accounting practice (the Hall Chadwick Sydney Partnership) and dividends from associated companies. Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report. Further details may be provided on request.

Referrals
HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships
Through a variety of corporate and trust structures HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr Drew Townsend, a director of HCC and partner in the Hall Chadwick Sydney Partnership, has prepared this Report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick Sydney Partnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities (HC entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses. No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, Metals Finance Limited or has other material financial interests in the Offer.

Complaints resolution
If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:
The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Drew Townsend, on (02) 9263 2600 and he will assist you in documenting your complaint. Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process
If HCC cannot resolve the complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:
Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 06 Facsimile: (03) 9613 6399 Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Contact details
You may contact HCC at:
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555 Telephone: (02) 9263 2600
Sydney NSW 2001 Facsimile: (02) 9263 2800

Compensation arrangements
HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Exploration and Mining Tenure

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10.1 BRITISH COLUMBIA

COAL LICENCES

TOCC is the holder of the following Coal Licences in British Columbia:

Licence No	Area (hectares)	District	Expiry Date
418645	1,183	Kootenay	19 September 2015
418646	801	Kootenay	19 September 2015
418647	830	Kootenay	19 September 2015
418648	1,094	Kootenay	19 September 2015
418649	1,128	Kootenay	19 September 2015
418650	1,349	Kootenay	19 September 2015

EXPLORATION APPLICATIONS

TOCC is the applicant for the following applications for exploration tenure in British Columbia.

- a 100% interest in an application for Tenure Number **418179** (Wapiti) consisting of an area with a total of 600 hectares in the Mining Division of Liard. The Title Type is a Coal License Application which came in to effect on 10 July 2012. The application is in good standing
- A 100% interest in an application for Tenure Number **418181** (Wapiti) consisting of an area with a total of 1,200 hectares in the Mining Division of Liard. The Title Type is a Coal License Application which came in to effect on the 10 July 2012. The application is in good standing.

The registration of coal tenures in British Columbia is governed by the Coal Act.

There are two types of coal tenures in British Columbia: coal licences and coal leases. A coal licence holder has the exclusive right to explore for and develop coal on the licence location, while a coal lease holder has the exclusive right to explore for, develop and produce coal on the lease location. “Coal land” is defined as land in which the coal or the right to explore for, develop and produce coal is vested in or reserved to the Crown. The owner of a coal licence or coal lease (**Recorded Holder**) may enter, occupy and use coal land and prospect for, explore for and produce coal.

All areas of the Province, including private land, are available for mining except for certain specifically excluded areas, such as land occupied by a dwelling, protected heritage property, orchard land or land under cultivation. Furthermore, with certain exceptions such as parks, ecological reserves and other areas in which mining is prohibited under the Environment and Land Use Act, other land use designations do not preclude application by a Recorded Holder for any form of permission, or the granting of that permission, required to conduct mining activity. However, the Coal Act provides the minister responsible for the administration of the Coal Act (the **Minister**) with the discretionary right to restrict the use of surface rights by a Recorded Holder if the Minister considers that the surface area is so situated that it should be used for purposes other than mining.

Additionally, the Chief Gold Commissioner of British Columbia may designate an area of coal land as a coal land reserve. Unless otherwise prescribed by regulation, a person may not explore for, develop or produce coal on, and a licence or lease must not be issued for, a coal land reserve.

A person who wishes to explore for and develop coal in British Columbia must first apply to the Minister for a coal licence. Upon receipt of a coal licence application, the Ministry plots the proposed location on maps maintained by the Mineral Titles Branch and conducts a land status review of the application area to determine if the coal rights are held by the Crown, and to the extent it does, the Ministry refers the application to other provincial and federal government ministries and agencies, as well as potentially affected aboriginal groups in the application area for comment. Depending upon its own review and the responses received from other government ministries and agencies, and aboriginal groups, the Ministry may issue a coal licence.

A coal licence holder has the right:

- to explore for and develop coal on the licence location;
- with the approval of the chief inspector appointed under the Mines Act 8 (**Chief Inspector**), to mine and remove coal the licensee reasonably requires for testing, to a maximum of 100,000 tonnes.
- to explore for and develop the coal that is inside the boundaries, continued vertically downward, of the licence location;
- to enter, occupy and use the surface area of the location for the purpose of exploring for and developing coal on the location;
- subject to entering into an agreement in the form of a free use permit under the Forest Act or a licence to cut under that Act, to use and remove timber that, at the time the holder of the licence enters into such agreement, is on the location; and
- to the non-exclusive right to use sand, gravel and rock from the location for use on the location for a construction purpose approved under the Mines Act.

A coal licence, once granted, is valid for one year from the date of its issue and, providing the licence holder complies with the Coal Act and its licence, the Minister must extend the term of the licence for further one year terms upon application by the licence holder. In order to renew a licence, a licence holder must submit its extension request prior to the licence's expiry date accompanied by the prescribed fee and certain technical information required by regulation respecting the exploration, development and production of coal.

In order to bring a mining operation from the exploration phase to the production phase, a coal lease is required. A licence holder may apply for a coal lease by submitting an application to the Minister setting out a plan of operations showing the exploration, development and production to be carried out on the location during the term of the lease, supported by the data, feasibility studies and other information the Minister may require to evaluate the application. The applicant must also submit an application fee ($1,000) and rental fee ($10 per hectare).If the Minister is satisfied that the application is made in accordance with these requirements, the Minister must issue a coal lease.

Under section 16 of the Coal Act:

a) a lessee has the right, in accordance with the Coal Act and the lease, to explore for, develop and produce coal on the lease location;
b) subject to point (c) below, a lessee does not acquire any right, title or interest in the surface area of the lease location;
c) if the surface area of a lease location is owned by the government and is used or occupied by the lessee, the lessee is entitled:
   - to enter, occupy and use the surface area of the location to produce coal;
   - subject to entering into an agreement in the form of a free use permit under the Forest Act or a licence to cut under that Act, to use and remove timber that, at the time the holder of the lease enters into such agreement, is on the location; and
   - to use sand, gravel and rock from the location for use on the location for a construction purpose approved under the Mines Act.

A coal lease is valid for a term not to exceed 30 years from the date of its issue. Provided the holder complies with the terms of the coal lease and the Coal Act, the Minister, on application by the lease holder, must extend the lease for a period not more than 15 years. The lease holder must pay an application fee and provide information in respect of the lands over which a lease is sought prescribed in the regulations.

A project may also require that a federal environmental assessment under the Canadian Environmental Assessment Act be carried out where federal permits or other triggers are engaged.

Government agencies, such as the Ministry, the federal Department of Fisheries and Oceans (**DFO**), the federal and provincial Ministries of Environment (**MOE**), and the provincial Ministry of Forests and Range

(**MoF**), must engage potentially affected aboriginal groups in a process of consultation and, if appropriate, must also accommodate the concerns of such groups in circumstances where they are exercising discretion in a manner that may affect aboriginal interests. The most obvious example of this is with respect to the permitting process for the exploration and development of a coal project.

A lease holder will be expected to engage with local First Nations throughout the process, from exploration to mine development and production. The result is that many mine developers in Canada enter into Impact Benefits Agreements or other agreements with aboriginal groups relating to matters such as equity participation, economic benefits, employment and contract opportunities, joint decision making, cultural heritage and environmental protection, education and other matters of import to the particular aboriginal community.

10.2 UNITED STATES – EXPLORATION APPLICATIONS

As at 23 September 2014, the following online records relating to **Texas and Oklahoma Coal Co.**, sourced from the Bureau of Land Management's LR2000 system showed:

A 100% interest in an application for **COC 075642** (Left Fork) consisting of an area with a total of 16,363.37 acres in the County of Las Animas. The Case Type is recorded as 341001: Coal Exploration License, with the application registered as being received on 24 August 2012. The case disposition has a pending status.

A 100% interest in an application for **OKNM 128880** (Howe and Bokoshe) consisting of an area with a total of 23,421.98 acres in the County of le Flore. The Case Type is recorded as 341001: Coal Exploration License, with the application registered as being received on 23 July 2012. The case disposition has a pending status.

A 100% interest in an application for **OKNM 131755** (Lafayette and Hartford) consisting of an area with a total of 23,241.36 acres in the Counties of Le Flore and Haskell. The Case Type is recorded as 341001: Coal Exploration License, with the application registered as being received on 23 December 2013. The case disposition has a pending status.

10.3 GCI TENURE

As at 23 September 2014, the following online records relating to **Georges Colliers Inc.** sourced from the Bureau of Land Management's LR2000 system showed:

- A 100% interest in OKNM 091190 (P8 Mine) consisting of an area with a total of 3,599.04 acres in the County of le Flore. The Case Type is recorded as 342505: NonReg Comp Coal LSE LBA, with the application registered as being received on 14 June 1993 and the lease being issued on 14 June 1995. The case disposition has an authorized status.
- A 100% interest in an application for OKNM 132473 consisting of an area with a total of 570 acres in the County of le Flore. The Case Type is recorded as 342505: NonReg Comp Coal LSE LBA, with the application registered as being received on 21 April 2014. The case disposition has a pending status.

BUREAU OF LAND MANAGEMENT, APPLICABLE LAWS

The granting of Exploration Licences and Federal Coal Leases in the United States is managed by the Bureau of Land Management (BLM) under The Mineral Leasing Act of 1920, and the Mineral Leasing Act for Acquired Lands of 1947, as amended.

Before an exploration license may be issued, the authorised officer shall prepare an environmental assessment or environmental impact statement, if necessary, of the potential effects of the proposed exploration on the natural and socio-economic environment of the affected area. No exploration license shall be issued if exploration activity would cause the degradation of land or threaten endangered species, and no exploration license shall be issued until after compliance with sections 105 and 106 of the National Historic Preservation Act (16 U.S.C. 470(f)) with respect to any cultural resources.

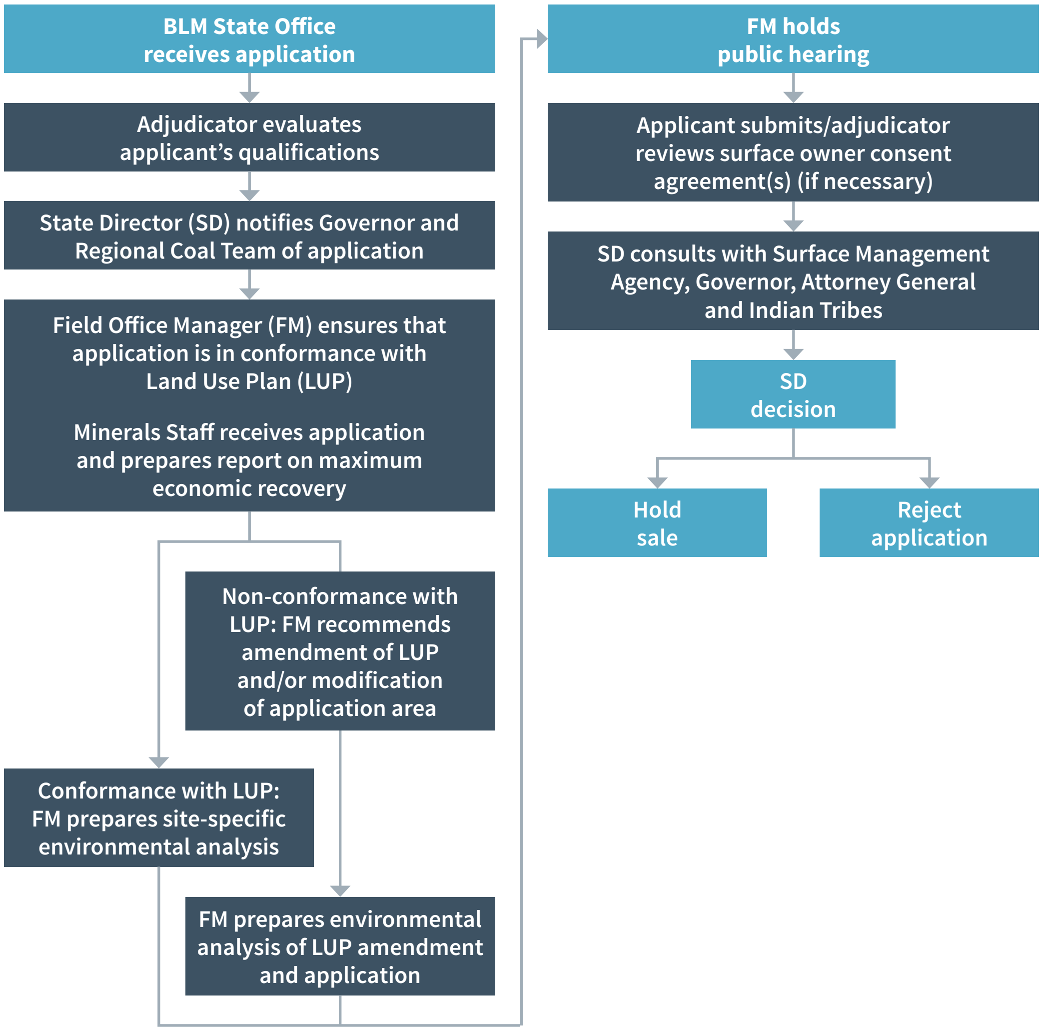
BUREAU OF LAND MANAGEMENT, APPROVAL PROCESS

There are multiple activities and decision making points in the approval process of a coal exploration application once if it received by the BLM.

The environmental analysis required for approval usually is in the form of a National Environmental Policy Act (**NEPA**) study. Under the requirements of the Environmental Protection Agency, a NEPA study is required to ensure that federal agencies adopt environmental considerations in their decision making process.

Once mining tenure is granted it may be declared a logical mining unit (LMU) which allows the lessee or operator to consolidate the development and continued operations requirements for all the federal leases and other coal tracts within the boundaries of a mine. An LMU provides for continuity in management of the coal resource whenever the geologic characteristics of a coal seam cross property boundaries. In addition, LMUs allow development of the coal deposit as a unit in an efficient, economical, and orderly manner with due regard for conservation of the coal and other resources. The acreage of both federal and non-federal lands within an LMU cannot exceed 25,000 acres. Formation of an LMU requires an application and approval by BLM.

COAL LEASE-BY-APPLICATION



Additional Information

11

11.1 CORPORATE HISTORY

The Company was incorporated in Queensland under the Corporations Act as a public company limited by Shares on 15 May 2009.

11.2 COMPANY TAX STATUS

The Company will be taxed in Australia as a public company.

11.3 ACQUISITION AGREEMENT – TOCC

On 6 March 2014, the Company announced to the ASX that it had signed an agreement with privately owned TOCC to acquire 100% of the issued shares of TOCC.

The agreement provides for the Shareholders of TOCC to be issued with Shares and Options in exchange for their TOCC shareholding.

The agreement is conditional upon:

a) Shareholders approving a consolidation of capital of the Company on the basis of one Share for each existing 10 Shares. This consolidation will reduce Share capital from 73,109,576 Shares to 7,310,958 Shares. Following consolidation Shareholders will be issued with an Option for each Share held;

b) the completion of the Offer;

c) the Company otherwise satisfying the relevant provisions of Chapters 1 and 2 of the ASX Listing rules and its securities being granted re-quotation to the ASX upon completion of the transaction; and

d) the obtaining of all other necessary Shareholder and regulatory approvals.

In exchange for their shares in TOCC the Company will issue to TOCC shareholders five Shares for every six TOCC shares. TOCC currently has 67,258,330 shares on issue. Accordingly 56,048,622 Shares will be issued to TOCC shareholders. TOCC shareholders will be issued with three Options for every 10 Shares issued to them.

Holders of existing TOCC options (9,750,000 options) will exchange their options for Options on a one for one basis.

11.4 ACQUISITION AGREEMENT – TOCC AND GCI

TOCC and GCI have entered into a share purchase agreement whereby TOCC can initially acquire between 30% and 47% of GCI, based on the total funds raised from this Offer.

If the Company raises $3,000,000 net of costs, then TOCC will acquire 30% of the shares of GCI for a cost of US$731,000. TOCC may acquire up to 47% of GCI if the Company raises between $3,000,000 to $4,700,000 net of costs, with the acquisition cost calculated on a pro rata basis up to a total of $1,150,000 for 47%.

TOCC has the right to acquire up to 80% of the shares in GCI for a total purchase price of US$1,950,000 (inclusive of any amounts paid to acquire the 30% to 47%) at any time up until 31 December 2015.

An option extension fee of US$50,000 may be paid by TOCC to extend this option period from 31 December 2015 to 31 March 2016, with this fee being deductible from the purchase price.

The agreement includes standard warranties and indemnities to be provided from the GCI Shareholder to TOCC.

The agreement with GCI includes a provision for a portion of the purchase price to be held in escrow pending the outcome of litigation between GCI and a neighbouring landholder (see section 5.2).

11.5 LEAD MANAGER

Patersons have agreed to act as Lead Manager to the Offer. They will be entitled to receive a Management Fee of 2.5% of the funds raised by the Offer and a further Selling Fee of 5% of the funds raised by the Offer. In addition they will be entitled to a reimbursement of the reasonably incurred expenses.

11.6 TAXATION IMPLICATIONS

The following comments provide a general overview of the Australian tax implications for Australian tax resident who acquire New Securities under the Offer.

Given the complexity of tax laws, it does not cover all possible implications for particular Applicants. The overview below is based on the law in effect as at the date of this Prospectus. The overview does not take into account any future changes in income tax law or future judicial interpretations of law, nor does it take into account the application of tax legislation in foreign jurisdictions.

Each Applicant's individual circumstances will affect the taxation implications of any acquisition of Shares under the Offer. Before lodging an Application, each Applicant should seek independent professional advice with respect to the tax consequences applicable to their individual circumstances.

DISPOSAL OF NEW SECURITIES

Australian income tax laws impose tax on capital gains (CGT). Residents who hold New Securities on capital account may become liable to pay CGT if they make a capital gain when they dispose of all or some of their New Securities (or another CGT event has occurred in respect of those New Securities).

Generally an Applicant will be taken to have acquired New Securities under the Offer when these are issued or transferred to the Applicant and to have disposed of them when they transfer (or agree to transfer) them to another person (although tax laws also deem a disposal to have occurred in some other circumstances as well).

The capital gain or loss will be calculated as the sale price of the New Securities (or, in some cases, market value) minus the acquisition price of the New Securities and other amounts included in the Shareholder's cost base for the New Securities such as transaction costs associated with acquiring and disposing of the New Securities.

If the calculation results in a negative number, a capital loss has been made. A capital loss cannot be offset against ordinary taxable income, but may be offset against current capital gains or carried forward and offset against future capital gains.

If the New Securities are held for at least 12 months, the Shareholder may be entitled to a CGT discount. For example if the Shareholder is an individual or a trust, the capital gain may be discounted by 50% before tax is calculated. If the Shareholder is a complying superannuation fund or a similar entity, the discount is 33⅓%. Non-trustee companies are not entitled to this form of discount. The net taxable capital gain after permitted offsets (e.g. capital losses) and discounts will be added to the Shareholder's other assessable income.

Profits or losses in respect of New Securities acquired for the purpose of share trading are likely to be treated for tax purposes as revenue gains or losses without the concessions available under the CGT provisions. Applicants who apply for or hold Shares for a share trading purpose should seek independent professional advice as the issues are quite complex.

DIVIDENDS

Generally dividends on Shares will be assessable income of the Shareholder in the tax year in which they are paid (or deemed to be paid) to the Shareholder (e.g. a dividend will be deemed to be paid where additional Shares are issued under a dividend reinvestment plan).

If the dividend carries a franking credit, the dividend paid (or deemed to be paid) plus the franking credit will be included in the Shareholder's assessable income. The Shareholder will be entitled to offset the franking credit against tax payable by the Shareholder (provided the Shareholder is a qualifying person). A qualifying person is a Shareholder who satisfies the holding period rule (i.e. has held the Shares on which the dividend is paid 'at risk' for at least 45 days) and the related payments rule.

Individuals and complying superannuation funds and some other taxpayers are entitled to a refund of any part of the franking credits that exceed their tax payable. Special rules apply to Shareholders who are trusts or partnerships.

GOODS AND SERVICES TAX (GST) AND STAMP DUTY

Under current law, GST and stamp duty is generally not payable on the issue or transfer of Shares.

TAX FILE NUMBER (TFN) AND AUSTRALIAN BUSINESS NUMBER (ABN)

Applicants are not required to disclose their TFN or ABN to the Company. However, if a TFN or ABN is not advised to the Company and no exemption is applicable, the Company must withhold tax at the highest marginal rate plus Medicare levy (currently 47.5%) from certain dividends and some other payments that might be payable by the Company.

Generally, no tax is required to be withheld on a fully franked dividend on Shares in a public company or where non-resident withholding tax is payable.

11.7 CONSENTS TO BE NAMED AND DISCLAIMERS OF RESPONSIBILITY

Each of the parties listed in this Section 11.7 (each a Consenting Party), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the parties listed below has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Geos Mining has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as Independent Technical Expert in the form and context in which they are named;
- Highland GeoCopmuting LLC has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as a Competent Person in the form and context in which they are named;
- Rick Anthon Lawyer has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Offer in the form and context in which it is named;
- Hall Chadwick Corporate (NSW) Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as Investigating Accountant on Consolidated Historical and Pro-forma Financial Information in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Report in the form and context in which it is included;
- BDO Audit Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as auditor to the Company in the form and context in which it is named. BDO Audit Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as Auditor to the Company;
- Boardroom Pty Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Boardroom Pty Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to the Company;
- KS Capital has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as an Adviser to the Company in the form and context in which it is named;

- This consent is given on the basis that a statement appears in the Prospectus to the effect that Patersons Securities Limited:
  1. has given and not withdrawn its consent to being named in the Prospectus as Lead Manager of the Public Offer as at the date of lodgement of the Prospectus with ASIC;
  2. has not authorised or caused the issue of the Prospectus or the making of the Public Offer; and
  3. makes no representation regarding, and to the extent permitted by law, excludes any responsibility for, any statements in, or omissions from, any part of the Prospectus.

11.8 LITIGATION AND CLAIMS

The Directors are not aware of any litigation of a material nature instituted, pending or threatened involving the Company.

11.9 COSTS OF THE OFFER

The costs of the Offer are expected to be approximately $500,000 (Minimum Subscription) and $600,000 (Maximum Subscription). These costs will be borne by the Company from the proceeds of the Offer and funds held by the Company prior to relisting.

11.10 PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise undictated all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

11.11 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

11.12 AUTHORISATION OF THIS PROSPECTUS

Each Director and Proposed Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC and its issue.

Glossary

In this Prospectus the following expressions have the meanings set out below:

$	Australian dollars
AASB	the Australian Accounting Standards Board
ABN	Australian Business Number
Acquisition and Acquisition Agreement	the agreement between the Company and the Vendors for the acquisition by the Company of all of the issued shares in TOCC, details of which are set out in Section 2.2 of this Prospectus
AEDT	Australian Eastern Daylight Saving Time
Applicant	a person applying for Shares under this Prospectus
Application	an application made to subscribe for Shares offered under this Prospectus
Application Form	the application form for Shares attached to or accompanying this Prospectus
Application Monies	the Offer Price multiplied by the number of Shares applied for
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange as the context requires
ASX Settlement Operating Rules	the operating rules of ASX Settlement Pty Ltd (ACN 008 504 532)
BLM	the United States of America Department of the Interior, Bureau of Land Management
Board	the board of Directors of the Company
Business Day	a day on which banks are open for business in Sydney and excluding a Saturday, Sunday or public holiday
BTU/lb	British Thermal Unit/pound
Coal Licences	Coal Licences granted pursuant to British Columbia
CHESS	Clearing House Electronics Sub-register System
CHPP	Coal Handling Preparation Plant
Closing Date	the date by which valid Applications must be received by the Share Registry being 5.00pm AEDT on 14 November 2014 or such other date and time determined by the Board
Company or Metals Finance	Metals Finance Limited ABN 83 127 131 604
Competent Person	the term referred to in the JORC Code
Constitution	the constitution of the Company
Corporations Act	the *Corporations Act 2001*
Directors	the directors of the Company
EBIT	earnings before interest expense and taxation
EIA	the Energy Information Administration providing the official energy statistics from the U.S. Government
Expiry Date	13 months after the date of the Prospectus

Exploration Target	has the meaning given to that term in the JORC Code
Exposure Period	the seven day period commencing after lodgement of the Prospectus with ASIC during which no applications may be accepted by the Company
Financial Information	the Consolidated Historical Financial Information and the Pro-forma Consolidated Historical Financial Information set out in Section 7
Frazer Institute	the Frazer Institute annual survey of mining companies 2012/ 2013, by Alana Wilson, Fred McMahon, and Miguel Cervantes
GCI	Georges Colliers Inc, Registered in the state of Oklahoma, Filing number 1900566038. GCI is the 100% owner of the P8 Mine
GCI Equity Acquired	a percentage of the capital acquired in GCI by TOC
General Meeting	a general meeting of the Company to be held on 28 October 2014
Geos Mining	GJN Enterprises Pty Ltd (ABN 63 076 664 572) trading as Geos Mining
Group	the Company's group, being the Company and entities controlled by the Company, and as defined by Australian Accounting Standards
GST	the goods and services tax under the A New Tax System (Goods and Services Tax) Act 1999 (Cth)
Hall Chadwick	Hall Chadwick Corporate (NSW) Limited ACN 080 462 488, Level 40, 2 Park Street, Sydney NSW 2000 Australia
Indicated Mineral Resource	has the meaning given to that term in the JORC Code
Inferred Mineral Resource	has the meaning given to that term in the JORC Code
Investigating Accountant	Hall Chadwick
Investigating Accountant's Report	the Investigating Accountant's Report, issued 29 September 2014, as set out in Section 9
Independent Technical and Geological Report	the Investigating Technical and Geological Report issued 20 May 2014, and lodged with the ASX on 16 June 2014
Independent Technical and Geological Summary Report	the Investigating Technical and Geological Summary Report issued 20 May 2014, as set out in Section 8
Independent Technical Expert	Geos Mining
JORC Code	the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, produced by the Australasian Joint Ore Reserves Committee
kcal/kg	kilocalorie/kilogram
Ktpa	kilotonnes per annum
Lead Manager	Patersons Securities Limited
Listing Rules	the Official Listing Rules of the ASX
LV PCI	low volatile pulverised coal injection
Measured Mineral Resource	has the meaning given to that term in the JORC Code
Minimum Subscription	a minimum subscription for Shares being 10,000 Shares having $2,000 in value
Mt	million tonnes
Mtpa	million tonnes per annum
New Securities	Shares and Options in the Company to be issued pursuant to the Offer

Offer	the offer of up to 25,000,000 Shares and 25,000,000 Options made pursuant to this Prospectus
Offer Period	the period commencing on the Opening Date and ending on the Closing Date
Offer Price	$0.20 (twenty cents) per Share
Official List	the official list of the ASX
Official Quotation	the official quotation of the Shares and Options on the Official List
Opening Date	the date the Offer opens being 14 October 2014 or such other date determined by the Board
Options	options to acquire Shares exercisable at 25 cents each, on or before 31 December 2017 and issued pursuant to the Offer
Quotation	Quotation of the Shares and Options on the Official List
Pacific American Coal Limited	the company name to be voted on by existing Metals Finance Shareholders as proposed in a Notice of Meeting to be held on 28 October 2014
P8 Mine	the mining complex located on Federal Coal Lease OKNM 91190
P8 North	the active mining area to the north and west of P8 South
P8 South	the mined out and abandoned underground area in the central region of the P8 Mine
Prospectus	this document (including the electronic form of the Prospectus) and any supplementary or replacement prospectus in relation to this document
Resolutions	the resolutions to be placed before the members of the Company at the General Meeting to be held on or about 28 October 2014
ROM	Run-Of-Mine coal. Raw coal as mined that has not undergone any screening crushing or beneficiation process
Section	a section of this Prospectus
Share	a fully paid ordinary share in the Company
Shareholder	a shareholder of a Share the Company
Share Registry	Boardroom Pty Limited, ABN 14 003 209 836 Level 7, 207 Kent Street Sydney, NSW, 2000
TFN	Tax File Number
TOCC	Texas and Oklahoma Coal Co Limited registered in the British Virgin Islands. BVI Company number – 1642128
Top Up Offer	the offer of Shares and Options as set out in Section 6.2 of this of this Prospectus
Top Up Offer Record Date	the record date for determining entitlements to participate in the Top Up Offer, being 5.00pm AEDT on 30 September 2014
Vendors	the shareholders (as appropriate) of TOCC or one or more of them, as the context indicates

Corporate Directory

METALS FINANCE LIMITED

Registered office
Level 12, 52 Phillip St
Sydney NSW 2000

AUDITOR

BDO Audit Pty Ltd
Level 10, 12 Creek St
Brisbane QLD 4000

LEAD MANAGER

Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
Perth WA 6000

SHARE REGISTRY

Boardroom Pty Limited
Client Services Manager
GPO Box 3993
Sydney NSW 2001
T: 1300 737 760
F: 1300 653 459

INVESTIGATING ACCOUNTANTS

Hall Chadwick Corporate (NSW) Limited
Level 40, 2 Park Street
Sydney NSW 2000

TECHNICAL CONSULTANTS

Geos Mining
Highland Geo Computing
Norwest Corporation
Golder and Associates

LEGAL ADVISER

Rick Anthon Lawyer
Level 5, 10 Market St
Brisbane QLD 4000

OFFER WEBSITE

www.metalsfinance.com

Metals Finance Limited
SPECIALISTS IN METAL RECOVERY
ABN: 83 127 13 1604

Priority Top-Up Application Form for MetalsFinance Limited Shareholders

Name
Adddress line 1
Address line 2

Barcode SRN/HIN

Fill out this Application Form if you wish to apply for shares in Metals Finance Limited.

- Please read the Prospectus dated **1 October 2014**.
- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

A **Number of Shares you are applying for** ______ **x $0.20 per share =** **B** **Total amount payable** **$** ______

Top Up Applications must be for at least that number of New Securities which would increase a shareholding to a parcel of 10,000 Shares (post Consolidation), at an issue price of $0.20 (20 cents) per Share.

Top-Up maximum of **$2,000.00 (10,000 Shares)** to be applied for, and thereafter in multiples of **$500.00 (2,500 Shares)**. To the extent that subscriptions from an Eligible Shareholder under the Top Up Offer exceed 10,000 Shares in total, the Directors will treat an Application for excess New Securities as an Application for New Securities under the Offer.

C **Enter your Tax File Number(s), ABN, or exemption category**

Applicant #1

Applicant #2

Applicant #3

D Payment Methods

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Metals Finance Limited Share Registry. Payments cannot be made at any bank.

Payment Option 1 - BPAY

B PAY

Biller Code:

Ref:

Telephone & Internet Banking - BPAY®
Contact your bank, credit union or building society to make this payment from your cheque, credit or savings account.
More info: www.bpay.com.au ® Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution
- **If paying by BPAY you do not need to return the Top-Up Application Form**
- If paying by BPAY the amount of your payment received in the account divided by the issue price will be deemed to be the total number of shares you are applying for.

Payment Option 2 – Cheque, bank draft or money order (Record details below)

Cheque payment details

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Cheque Amount A$

E **Contact telephone number (daytime/work/mobile)**

F **Email address**

By submitting this Application Form, I/we declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form, and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Metals Finance Limited (the Company). I/We was/were given access to the Prospectus together with the Application Form. I/We represent, warrant and undertake to the Company that our subscription for the above shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for shares in the Company.

Applications must be received by no later than 5.00pm AEDT on Friday 14 November 2014.

Guide to the Priority Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.
These instructions are cross-referenced to each section of the Application Form.

Instructions

A. If applying for Shares insert the number of Shares for which you wish to subscribe at Item A. Divide by $0.20 AUD to calculate the total for Shares and enter the $ amount at B.

Top Up Applications must be for at least that number of New Securities which would increase a shareholding to a parcel of 10,000 Shares (post Consolidation), at an issue price of $0.20 (20 cents) per Share.

Top-Up maximum is **$2,000.00 (10,000 Shares)** and then in multiples of **$500.00 (2,500 Shares)**.

To the extent that subscriptions from an Eligible Shareholder under the Top Up Offer exceed 10,000 Shares in total, the Directors will treat an Application for excess New Securities as an Application for New Securities under the Offer.

C. Enter your Australian ***tax file number*** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy.

D **Payment methods:**

Payment Option 1. By BPAY

Contact your Australian bank, credit union or building society to make this payment from your cheque, savings or credit account. For more information visit: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before 5.00 pm (Sydney time) on dd November 2014.

If the BPAY payment is for any reason not received in full, the Company may treat you as applying for as many Shares as will be paid for by the cleared funds. Shareholders using the BPAY facility will be bound by the provisions relating to this Offer. **You are not required to submit this Entitlement and Acceptance Form if you elect to make payment using BPAY**.

Payment option 2. By Cheque, bank draft or money order

. Complete ***cheque details*** as requested. Make your cheques, bank draft or money orders payable to **"Metals Finance Limited – Application Trust Account"** in Australian currency, cross it and mark it **"Not Negotiable"**. Cheques, bank drafts or money orders must be made in Australian currency, and cheques, bank drafts or money orders must be drawn on an Australian Bank.

E. Enter your ***contact details*** so we may contact you regarding your Application Form or Application Monies.

F. Enter your ***email address*** so we may contact you regarding your Application Form or Application Monies or other correspondence

Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

Mailing address:

Metals Finance Limited
C/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Delivery address:

Metals Finance Limited
C/- Boardroom Pty Limited
Level 7
207 Kent Street
SYDNEY NSW 2000

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 02 9290 9600.

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a Shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (http://www.boardroomlimited.com.au/Privacy.html)

Metals Finance Limited

ABN 83 127 131 604

Broker Reference – Stamp Only

Broker Code | Advisor Code

Application form

Fill out this Application form if you wish to apply for Shares in Metals Finance Limited

- Please read the Prospectus dated 1 October 2014
- Follow the instructions to complete this Application form (see reverse).
- Print clearly in capital letters using black or blue pen.

A **Number of Shares you are applying for**

x $0.20 per share =

B **Total amount payable**

Minimum of **10,000** Shares (**$2,000.00**) to be applied for, and thereafter in multiples of **2,500** Shares (**$500.00**).

C **Write the name(s) you wish to register the Shares in *(see reverse for instructions)***

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D **Write your postal address here**

Number / Street

Suburb/Town | State | Postcode

E **CHESS participant – Holder Identification Number (HIN)**

X

Important please note *if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Securities issued as a result of your application will be held on the Issuer Sponsored subregister.*

F **Enter your Tax File Number(s), ABN, or exemption category**

Applicant #1 | Applicant #2

Applicant #3

G **Cheque payment details –** PIN CHEQUE(S) HERE

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Cheque Amount A$

H **Contact telephone number (daytime/work/mobile)**

I **Email address**

By submitting this Application form, I/We declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are compete and accurate. I/We agree to be bound by the constitution of **Metals Finance Limited** (the Company). I/We was/were given access to the Prospectus together with the application form. I/We represent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.
These instructions are cross-referenced to each section of the Application Form.

Instructions

A. If applying for Shares insert the ***number*** of Shares for which you wish to subscribe at Item **A** (not less than **10,000** Shares (**$2,000.00**) and then in multiples of **2,500** Shares (**$500.00**)**).** Multiply by $**0.20** AUD to calculate the total for Shares and enter the ***$ amount*** at B.

C. Write your ***full name***. Initials are not acceptable for first names.

D. Enter your ***postal address*** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
NB: your registration details provided must match your CHESS account exactly.

F. Enter your Australian ***tax file number*** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.

G. Complete ***cheque details*** as requested. Make your cheque payable to **"Metals Finance Limited Application Trust Account"**, cross it and mark it **"Not negotiable"**. Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.

H. Enter your ***contact details*** so we may contact you regarding your Application Form or Application Monies.

I. Enter your ***email address*** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Correct Forms of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

Mailing address:

Metals Finance Limited
C/- Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

Metals Finance Limited
C/- Boardroom Pty Limited
Level 7
207 Kent Street
SYDNEY NSW 2000

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Limited on 02 9290 9600.

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (http://www.boardroomlimited.com.au/Privacy.html).

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