

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

METALS FINANCE LIMITED

ABN

83 127 131 604

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | | | |
|---|---|---|-------------------|-------------------|
| 1 | +Class of +securities issued or to be issued | Shares and Options. | | |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | | Number of Shares | Number of Options |
| | | Non Escrowed | 51,199,620 | 25,936,980 |
| | | ASX Escrowed | 23,475,002 | 27,064,609 |
| | | Total | 74,674,622 | 53,001,589 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Shares are fully paid ordinary (ORD)
Options terms are each acquire one Share, exercisable at 25 cents each on or before 31 December 2017. | | |

+ See chapter 19 for defined terms.

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- 4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
- 5 Issue price or consideration
- | Description | | Shares | Options |
|---------------------|---------------|-------------------|-------------------|
| Acquisition of TOCC | Number | 56,048,622 | 26,564,609 |
| | \$ | - | - |
| Capital raising | Number | 18,626,000 | 18,626,000 |
| | \$ | 20 cents each | - |
| | Number | - | 7,310,980 |
| | \$ | - | - |
| | Number | - | 500,000 |
| | \$ | - | - |
| Total | Number | 74,674,622 | 53,001,589 |
- 6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)
- In accordance with the acquisition of Texas and Oklahoma Coal Co Limited (TOCC). and capital raising pursuant to a Prospectus, approved on 28 October 2014 by Members.

+ See chapter 19 for defined terms.

6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes																	
6b	The date the security holder resolution under rule 7.1A was passed	9 January 2014																	
6c	Number of +securities issued without security holder approval under rule 7.1	4 Options																	
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil																	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="3" style="text-align: left;">Approval (Members' meeting held 28 October 2014)</th> </tr> <tr> <th style="width: 50%;">Description</th> <th style="width: 25%;">Number of Shares</th> <th style="width: 25%;">Number of Options</th> </tr> <tr> <td>Acquisition of TOCC</td> <td style="text-align: right;">56,048,622</td> <td style="text-align: right;">26,564,605</td> </tr> <tr> <td>Capital raising</td> <td style="text-align: right;">18,626,000</td> <td style="text-align: right;">19,126,000</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">74,674,622</td> <td style="text-align: right;">45,690,605</td> </tr> </table>			Approval (Members' meeting held 28 October 2014)			Description	Number of Shares	Number of Options	Acquisition of TOCC	56,048,622	26,564,605	Capital raising	18,626,000	19,126,000	Total	74,674,622	45,690,605
Approval (Members' meeting held 28 October 2014)																			
Description	Number of Shares	Number of Options																	
Acquisition of TOCC	56,048,622	26,564,605																	
Capital raising	18,626,000	19,126,000																	
Total	74,674,622	45,690,605																	
6f	Number of +securities issued under an exception in rule 7.2	7,310,980 Options																	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable																	

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6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable																	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer Annexure 1																	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	<table><tr><th>Date</th><th>Number of Shares</th><th>Number of Options</th></tr><tr><td>5 December 2014</td><td>56,048,622</td><td>26,564,609</td></tr><tr><td>12 December 2014</td><td>-</td><td>500,000</td></tr><tr><td>19 December 2014</td><td>18,626,000</td><td>25,936,980</td></tr><tr><td>Total</td><td>74,674,622</td><td>53,001,589</td></tr></table>	Date	Number of Shares	Number of Options	5 December 2014	56,048,622	26,564,609	12 December 2014	-	500,000	19 December 2014	18,626,000	25,936,980	Total	74,674,622	53,001,589		
Date	Number of Shares	Number of Options																	
5 December 2014	56,048,622	26,564,609																	
12 December 2014	-	500,000																	
19 December 2014	18,626,000	25,936,980																	
Total	74,674,622	53,001,589																	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>58,510,600</td><td>ORD</td></tr><tr><td>25,936,980</td><td>Options - each acquire one Share, exercisable at 25 cents each on or before 31 December 2017</td></tr></table>	Number	+Class	58,510,600	ORD	25,936,980	Options - each acquire one Share, exercisable at 25 cents each on or before 31 December 2017											
Number	+Class																		
58,510,600	ORD																		
25,936,980	Options - each acquire one Share, exercisable at 25 cents each on or before 31 December 2017																		

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9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		23,475,002	ORD (ASX Mandatory Escrowed)
		27,064,609	Options - each acquire one Share, exercisable at 25 cents each on or before 31 December 2017 (ASX Mandatory Escrowed)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	There has been no change to the dividend policy.	

Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable
12	Is the issue renounceable or non-renounceable?	Not applicable
13	Ratio in which the ⁺ securities will be offered	Not applicable
14	⁺ Class of ⁺ securities to which the offer relates	Not applicable
15	⁺ Record date to determine entitlements	Not applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable

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20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

+ See chapter 19 for defined terms.

- | | | |
|----|--|----------------|
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | Not applicable |
| 33 | +Issue date | Not applicable |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of +securities
(tick one)
- (a) ☒ +Securities described in Part 1
- (b) ☐ All other +securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of ⁺ securities for which ⁺ quotation is sought	Not applicable	
39	⁺ Class of ⁺ securities for which quotation is sought	Not applicable	
40	Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities? If the additional ⁺securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Not applicable	
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another ⁺security, clearly identify that other ⁺security)	Not applicable	
42	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in clause 38)	Number	⁺ Class
		Not applicable	

⁺ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 22 December 2014
(~~Director~~/Company secretary)

Print name: Ian Morgan

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital		
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated		
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	Pre-consolidation 73,109,576 Post 1 for 10 consolidation 7,310,957	
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	Members’ meeting held 28 October 2014	
	Description	Number of Shares
	Rounding (1 for 10 consolidation)	23
	Acquisition of TOCC	56,048,622
	Capital raising	18,626,000
	Total	74,674,645
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil	
“A”	81,985,602	

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”		
“B”	0.15 <i>[Note: this value cannot be changed]</i>	
Multiply “A” by 0.15		12,297,840
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used		
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 Note: <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>		Number of Options
	Acquisition of TOCC (26,564,609 Options granted less 26,564,605 Options approved)	4
“C”		
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1		
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>		12,297,840
Subtract “C” <i>Note: number must be same as shown in Step 3</i>		4
Total [“A” x 0.15] – “C”		12,297,836 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	81,985,602
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	8,198,560
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items	
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	8,198,560
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	8,198,560 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.