


MFC INDUSTRIAL LTD.

A Global Commodity Supply Chain Company

Statistics	NYSE:	MIL	Market capitalization:	\$ 516 million
	Recent price (11/14/12)	\$8.19	Shares outstanding	63 million
	52-week price range:	\$ 8.80 – 6.17	Fiscal year ends:	December 31
	Average volume (3m):	125,821	Next earnings due:	Mar 2013

Analyst Coverage Hallgarten & Company LLC, *Christopher Ecclestone*

Business Summary

MFC Industrial Ltd. (NYSE:MIL), formerly Terra Nova Royalty, is a global supply chain company that sources and delivers commodities and materials to clients all over the world, with a special expertise on the financing and risk management aspect of the business. MIL is able to locate and procure basic materials and commodities for clients around the world, and brings a knowledge of logistics to the table that includes all major modes of transport, government relations and regulatory environments.

MIL has a stronger financial base than other companies of its size, and uses its strong financial position to enhance its operations and logistics services, and to capitalize on broad demand trends for resources and materials. MIL has total assets of approximately \$871 million, cash and cash equivalents of approximately \$356 million and working capital of approximately \$380 million.

MIL commits its own capital and personnel to capitalize on its sourcing, finance, risk management and logistics capabilities and experience to maximize returns throughout the commodities supply chain. Commodities either originate from the company's own production assets or are sourced from third parties. MIL currently has interests in the following areas:

MIL's procurement & logistics operations engage in international proprietary investing and materials trading activities. Trading is primarily for real, physical materials such as ores or plastics that are supplied to customers or that are used in MIL operations. The company currently trades with other producers who are unable to execute sales effectively because of credit or currency issues affecting them or their principal customers. MIL also supplies various raw materials to its industrial customers, including plastics, iron ore and aluminum.

MIL business development operations focus on global opportunities for growth by acquisition where intrinsic value is not properly reflected in the marketplace. The company's management and financial expertise may be used actively to add or unlock value.

MIL's resource operations include its royalty interest in the Wabush iron mine, as well as iron ore mining in India, metals refining in Europe, and other operations. Energy operations include global interest in oil and gas-related businesses.

In January 2012 MIL acquired, together with its partner in the project Alberici Group Inc., the Pea Ridge Iron Ore Mine located in Sullivan, Missouri. In July 2012 the company announced a take-over bid for Compton, a company that is active in the production of natural gas, natural gas liquids, and to a much lesser degree crude oil.

The company pays a regular quarterly cash distribution at a rate at least equal to the NYSE composite annual dividend yield. In February 2012, MIL paid the first quarterly dividend payment of \$0.05 per share, the second quarterly payment of \$0.05 per share was paid in April 2012, and the third payment of \$0.06 was paid in July 2012.

Outlook

MIL has a successful 25-year record of identifying undervalued or troubled assets, profitable turnaround opportunities and low-risk restructuring methods for problem operations. More importantly, it has rewarded its shareholders with spinout, dividends, returns of capital and other distributions, producing a compound annual return of 20.4% over the last 10 years. The team has deep expertise in the resource, basic materials, commodities, and logistics business, with unusual expertise in creative financing and the maintenance of unusually low levels of risk.

The Company's current goal is to expand its existing businesses and to grow by its traditional acquisition method with a focus on larger projects. MIL constantly evaluates potential acquisition targets to find interesting opportunities for future growth and profitability.

Management has significantly strengthened MIL's capital resources and enhanced its opportunities for growth through product diversification and operating expertise. Management has said it will look to employ its cash and financial resources to complete major incremental acquisitions.

Allen&Caron / Investor Relations

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<u>Third quarter ended: September 30, 2012</u>	<u>Nine Months Ended</u>		<u>Three Months Ended</u>	
	<u>9/30/12</u>	<u>9/30/11</u>	<u>9/30/12</u>	<u>9/30/11</u>
<i>(In US \$; 000s omitted, except EPS)</i>				
Revenues	\$ 373,896	391,250	\$ 120,112	\$113,728
Net Income (loss)	\$258,896	\$21,603	\$233,250	\$6,686
Basic and Diluted (loss) EPS	\$4.14	\$ 0.35	\$3.73	\$ 0.11
Weighted average common shares outstanding (dil.)	62,556,572	62,561,421	62,552,201	62,561,421

Recent Developments

- **November 14, 2012** - MIL announced its results for nine- and three months ended September 30, 2012. Total revenues for the nine-month period ended September 30, 2012 decreased to \$373.9 million, compared to \$391.3 million in the first nine months of 2011. Revenues for our commodities and resources business were \$345.8 million for the nine mos. ended September 30, 2012, compared to \$358.9 million for the same period in 2011. Revenues for our merchant banking business were \$14.3 million for the nine mos. ended September 30, 2012, compared to \$19.5 million for the same period in 2011.
- **October 4, 2012** - MIL announced that the final 2012 cash dividend payment of US\$0.06 per common share will be paid on October 26, 2012 to shareholders of record on October 15, 2012.
- **September 12, 2012** - MIL announced that its indirect wholly-owned subsidiary has acquired the remaining common shares (the "Shares") of Compton Petroleum Corporation ("CPC") not already owned by MFC or its affiliates pursuant to a compulsory acquisition under the *Business Corporations Act* (Alberta). As a result of such acquisition, MFC and its affiliates now own 100% of the issued and outstanding Shares.
- **September 6, 2012** - MIL and Compton Petroleum Corporation (TSX: CMT), today announced that all of the conditions under MFC's offer (the "Offer") for all of the outstanding common shares (the "Compton Shares") of Compton have been satisfied and that MFC has, through its subsidiary taken-up and accepted for payment approximately 24.7 million Compton Shares deposited as of the expiry of the Offer today, representing approximately 94% of the outstanding Compton Shares subject to the Offer.
- **August 27, 2012** - MIL announced that it has extended the expiry time of its offer (the "Offer") for all of the common shares (the "Compton Shares") of Compton Petroleum Corporation ("Compton") to 5:00 p.m. (PDT) on September 6, 2012.
- **August 16, 2012** - MIL announced that it has extended the expiry time of its offer (the "Offer") for all of the common shares (the "Compton Shares") of Compton Petroleum Corporation ("Compton") to 5:00 p.m. (PDT) on August 27, 2012.

Financial Highlights

<u>Fiscal year: December 31</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<i>(in US; 000s omitted, except EPS)</i>			
Revenues:	520,709	85,430	\$14,718*
Net earnings (loss)	12,193	30,316	36,672
Net earnings (loss) per common share (diluted):	0.19	0.85	1.21
* Revenue from continuing operations			

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