Contents

Chairman's Statement

This report covers the period from 1st October 2007 to 31st March 2008. Considerable progress has been made at our main project Runruno, highlights of which are as follows:

- In October 2007 the Company completed an infill drilling programme on the Runruno deposit. 41 holes were drilled for a total of over 5,800m and samples sent for assay. At this time the Company had nearly 2,500 individual samples waiting to be returned from laboratories, the results of which provided the key input to our subsequent resource updates.

- In early November 2007 the Company saw the completion of a resource update and technical review at Runruno, providing a JORC-compliant resource of 2.05M oz gold and 39.5Mlbs molybdenum. For the first time, part of the resource, comprising 409,000 oz gold and 10Mlbs molybdenum, was classified in the Indicated category. This was an important reflection of the Company's growing understanding of the deposit.

- The management of the Company was strengthened by the appointment of Mr. Ian Holzberger as Project Director in January 2008. Ian has more than 35 years' experience in the base and precious metals mining industry, and is responsible for implementing the detailed Scoping Study into the technical and economic aspects of Runruno, set to report at the end of the summer 2008.

- In February 2008 the Company was pleased to host a visit by Dr. Eric Jensen PhD, a recognised expert on the types of mineralisation found at Runruno, to the site where he undertook an investigation of the surrounding rock types. He also explored a possible similarity between Runruno and the Cripple Creek mine in Colorado, with very positive conclusions highlighting additional potential outside the current resource area.

- In March 2008 a further resource update at Runruno increased the Indicated resources by 90 per cent., from 409,000oz gold to 775,000oz gold. The total contained gold increased slightly to 2.059 Moz but more significantly the gold grade increased from 2.27g/t to 2.41g/t. This increased resource and gold grade combined with the further understanding of the geological setting are important steps towards de-risking the project.

- Two alternative processing circuits for the gold were identified in early April 2008, and encouraging recoveries from metallurgical testing were also released. Testwork undertaken in Australia and South Africa indicated that gold recoveries could average 88 to 92 per cent. from either POX or BIOX® circuits. Additionally, the high solubility of molybdenum indicated a route to recovery. Implications for capital and operating costs continue to be studied within the Scoping Study.

- The results of the Concept Study, which is Stage 1 of the Scoping Study, were published in mid-April 2008, targeting production of between 190,000oz and 210,000oz gold per year, with up to 2.1Mlb of molybdenum by-product. The study showed that the project was robust on a 'gold only' basis with cash costs of $350-400/oz gold produced. With the molybdenum credits applied, the cost per ounce fell markedly to $190-320/oz. Additionally, the engineering firm Ausenco was appointed to assist with the Scoping Study and a site visit took place in early April.

- In May 2008 the Company successfully raised £4.04 million through the placing of 20.2 million shares at 20p per share to fund the further development of the Runruno project.

- Two Exploration Permits have been granted to the Company over highly prospective areas close to Runruno in June 2008. The Dupax project contains a partially mined zinc-copper-gold deposit covering an area of more than 8,800 hectares, while the Sulong prospect covers nearly 7,000 hectares and is thought to be prospective for gold.

Infill drilling has continued and we anticipate being able to release further resource updates in the coming months. We also await the results of the detailed Scoping Study which has been designed to be in sufficient detail to allow the Board to decide on a commitment to a full Bankable Feasibility Study.

We continue to focus on environmental issues and on maintaining our excellent community relations through continued investment in the Runruno Livelihood Foundation.

Consolidated interim income statement

	Note	6 months to 31 March 2008 £ (unaudited)	6 months to 31 March 2007 £ (unaudited)	Year to 30 September 2007 £ (audited and restated)
Revenue		**-**	-	-
Administrative costs		**(481,191)**	(664,038)	(2,691,329)
Analysed as follows:				
Foreign exchange gains/(losses)	4	**1,257,709**	(1,318)	(53,855)
Other administrative costs		**(1,738,900)**	(662,720)	(2,637,474)
Total administrative costs as above		**(481,191)**	(664,038)	(2,691,329)
Operating loss		**(481,191)**	(664,038)	(2,691,329)
Finance income		**52,622**	71,943	178,898
Finance costs		**(95,147)**	(1,028)	(33,260)
Net finance cost		**(42,525)**	70,915	145,638
Loss before tax		**(523,716)**	(593,123)	(2,545,691)
Income tax		**-**	-	-
Loss for the period		**(523,716)**	(593,123)	(2,545,691)
Attributable to:				
Equity holders of the parent		**(618,833)**	(482,371)	(2,540,325)
Minority interest		**95,117**	(110,752)	(5,366)
		(523,716)	(593,123)	(2,545,691)
Earnings per share:				
Basic and diluted	3	**(0.68p)**	(0.66p)	(3.26p)

Consolidated interim balance sheet

	31 March 2008	31 March 2007	30 September 2007
	£	£	£
	(unaudited)	(unaudited)	(audited and restated)
ASSETS			
Non-current assets			
Property, plant and equipment	**409,441**	114,534	189,172
Goodwill	**1,432,152**	712,641	1,415,207
Other intangible assets	**7,373,472**	1,932,968	5,395,098
Investments designated at fair value through profit and loss	**224,891**	-	281,114
	9,439,956	2,760,143	7,280,591
Current assets			
Trade and other receivables	**321,132**	193,873	506,075
Cash and cash equivalents	**1,500,644**	4,077,432	3,934,510
	1,821,776	4,271,305	4,440,585
Total assets	**11,261,732**	7,031,448	11,721,176
LIABILITIES			
Current liabilities			
Trade and other payables	**(397,500)**	(400,986)	(465,606)
	(397,500)	(400,986)	(465,606)
Non-current liabilities			
Long-term borrowings	**(2,000,000)**	-	(2,030,082)
Total non-current liabilities	**(2,000,000)**	-	(2,030,082)
Total liabilities	**(2,397,500)**	(400,986)	(2,495,688)
Net assets	**8,864,232**	6,630,462	9,225,488
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	**917,738**	776,856	913,738
Share options reserve	**1,971,719**	1,417,497	1,737,575
Share premium account	**11,886,563**	7,346,423	11,851,563
Profit and loss account	**(5,890,170)**	(3,324,135)	(5,271,337)
Translation reserve	**(125,948)**	(1,189)	(9,900)
Equity attributable to shareholders	**8,759,901**	6,215,452	9,221,639
Minority Interest	**104,332**	415,010	3,849
Total equity	**8,864,232**	6,630,462	9,225,488

Consolidated interim statement of recognised income and expense

	6 months to 31 March 2008	6 months to 31 March 2007	Year to 30 September 2007
	£	£	£
	(unaudited)	(unaudited)	(audited and restated)
Exchange differences on translation of foreign operations	**(116,048)**	(1,189)	(9,900)
Net expense recognised directly in equity	**(116,048)**	(1,189)	(9,900)
Loss for the period	**(523,716)**	(593,123)	(2,545,691)
Total recognised income and expense for the period	**(639,764)**	(594,312)	(2,555,591)
Attributable to:			
Equity holders of the parent	**(734,881)**	(483,560)	(2,550,225)
Minority interest	**95,117**	(110,752)	(5,366)
	(639,764)	(594,312)	(2,555,591)

Consolidated interim cash flow statement

	6 months to 31 March 2008	6 months to 31 March 2007	Year to 30 September 2007
	£	£	£
	(unaudited)	(unaudited)	(audited and restated)
Cash flows from operating activities			
Loss after taxation	**(523,716)**	(593,123)	(2,545,691)
Adjustments for:			
Depreciation and impairment	**109,609**	16,569	294,349
Share based payment expense	**257,143**	-	282,128
Net interest payable/(receivable)	**42,525**	(70,915)	(145,638)
Decrease in receivables	**(11,256)**	(86,097)	(398,299)
(Decrease)/increase in payables	**(134,058)**	277,184	294,459
Minority interest	**-**	-	-
Foreign exchange	**(1,180,583)**	(1,188)	(20,918)
Cash used in operations	**(1,440,336)**	(457,570)	(2,239,610)
Interest received	**52,622**	-	178,898
Interest paid	**(125,229)**	70,915	(3,178)
Net cash used in operating activities	**(1,512,943)**	(386,655)	(2,063,890)
Cash flows from investing activities			
Payment to acquire shares in quoted company	**-**	-	(532,159)
Purchase of intangible assets	**(670,629)**	(620,973)	(1,299,130)
Payment to acquire 15% of FCF	**-**	-	(3,817,114)
Purchase of property, plant and equipment	**(266,295)**	(49,193)	(167,420)
Net cash used in investing activities	**(936,924)**	(670,166)	(5,815,823)
Cash flows from financing activities			
Proceeds from issue of share capital	**16,000**	4,762,752	9,442,723
Proceeds from long-term borrowings	**-**	-	2,000,000
Payment of long-term borrowings	**-**		
Net cash from financing activities	**16,000**	4,762,752	11,442,723
Net increase/(decrease) in cash and cash equivalents	**(2,433,867)**	3,705,931	3,563,010
Cash and cash equivalents at beginning of period	**3,934,511**	371,501	371,501
Cash and cash equivalents at end of period	**1,500,644**	4,077,432	3,934,511

Notes to the consolidated interim financial statements

1 General information

Metals Exploration plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The registered address of Metals Exploration plc is 200 Strand, London, WC2R 1DJ. Its shares are listed on the AIM market of the London Stock Exchange.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 26/06/2008.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 30 September 2007, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain any statements under Section 237(2) of the Companies Act 1985.

2 Basis of preparation

These consolidated interim financial statements are for the six months ended 31 March 2008. They have been prepared in accordance with the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 30 September 2008. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2007.

These financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments.

These consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

These consolidated interim financial statements have been prepared in accordance with the accounting policies which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 30 September 2008 or are expected to be adopted and effective at 30 September 2008, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

Metals Exploration plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 30 September 2007. The date of transition to IFRS was 1 October 2006. The comparative figures have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 5.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated interim financial statements. The Group's revised accounting polices under IFRS will be published in full in the financial statements for the year ending 30 September 2008.

3 Earnings per share

Basic and diluted earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the average number of shares in issue during the year.

	6 months to 31 March 2008 £ (unaudited)	6 months to 31 March 2007 £ (unaudited)	Year to 30 September 2007 £ (audited and restated)
Loss after tax	**(618,833)**	(482,371)	(2,540,325)
Weighted average number of shares	**91,607,128**	73,453,674	77,872,958
Basic and diluted earnings per share (pence)	**(0.68p)**	(0.66p)	(3.26p)

The diluted loss per share calculation is identical to that used for basic loss per share as the exercise of warrants and share options would have the effect of reducing the loss per share and therefore is not dilutive under the terms of IAS 33 'Earnings per share'.

4 Foreign exchange gains/losses

Foreign exchange gains/losses are mainly those arising on the translation of intercompany balances.

5 Dividends

The directors do not propose the payment of a dividend for the period.

6 Explanation of transition to IFRS

As stated in the Basis of Preparation, these are the Group's first consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements which will be prepared in accordance with IFRS.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out below.

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These interim financial statements have been prepared on the basis of taking the following exemptions:

- business combinations prior to 1 October 2006, the Group's date of transition to IFRS, have not been restated to comply with IFRS 3 "Business Combinations". Goodwill arising from these business combinations has not been restated; and
- cumulative translation differences on foreign operations are deemed to be nil at 1 October 2006. Any gains and losses recognised in the consolidated income statement on subsequent disposal of foreign operations will exclude translation differences arising prior to the transition date.
- Goodwill arising in business combinations prior to the date of transition has been treated as an asset of the entity rather than the acquiree. Therefore the goodwill is already expressed in the functional currency of the entity and requires no translation at subsequent period ends.

Reconciliation of equity at 1 October 2006

		Adjustments				
	UK GAAP	**a**	**b**	**c**	**d**	**IFRS**
	£	**£**	**£**	**£**	**£**	**£**
Non-current assets						
Property, plant and equipment	95,524	-	-	-	(16,256)	79,268
Goodwill	712,641	-	-	-	-	712,641
Other intangible assets	1,298,382	-	-	-	16,256	1,314,638
Current assets						
Trade and other receivables	107,776	-	-	-	-	107,776
Cash and cash equivalents	371,501	-	-	-	-	371,501
Current liabilities						
Trade and other payables	(234,554)	-	-	-	-	(234,554)
Net assets	2,351,270	-	-	-	-	2,351,270
Equity						
Share capital	556,953	-	-	-	-	556,953
Shares to be issued	1,524,448	-	-	-	-	1,524,448
Share premium account	2,696,623	-	-	-	-	2,696,623
Profit and loss account	(2,731,012)	-	-	-	-	(2,731,012)
Translation reserve	-	-	-	-	-	-
Shareholders funds	2,047,012					2,047,012
Minority interests	304,258	-	-	-	-	304,258
Total equity	2,351,270	-	-	-	-	2,351,270

Reconciliation of equity at 31 March 2007

	UK GAAP	Adjustments a	b	c	d	IFRS
	£	£	£	£	£	£
Non-current assets						
Property, plant and equipment	128,148	-	-	-	(13,614)	114,534
Goodwill	712,641	-	-	-	-	712,641
Other intangible assets	1,919,354	-	-	-	13,614	1,932,968
Current assets						
Trade and other receivables	193,873	-	-	-	-	193,873
Cash and cash equivalents	4,077,432	-	-	-	-	4,077,432
Current liabilities						
Trade and other payables	(396,539)	-	(4,447)	-	-	(400,986)
Net assets	6,634,909	-	(4,447)	-	-	6,630,462
Equity						
Share capital	776,856	-	-	-	-	776,856
Shares to be issued	1,417,497	-	-	-	-	1,417,497
Share premium account	7,346,423	-	-	-	-	7,346,423
Profit and loss account	(3,320,877)	-	(4,447)	1,189	-	(3,324,135)
Translation reserve	-			(1,189)	-	(1,189)
Shareholders funds	6,219,899	-	(4,447)	-	-	6,215,452
Minority interests	415,010	-	-	-	-	415,010
Total equity	6,634,909	-	(4,447)	-	-	6,630,462

Reconciliation of equity at 30 September 2007

			Adjustments			
	UK GAAP	**a**	**b**	**c**	**d**	**IFRS**
	£	**£**	**£**	**£**	**£**	**£**
Non-current assets						
Property, plant and equipment	219,640	-	-	-	(30,468)	189,172
Goodwill	1,344,639	70,568	-	-	-	1,415,207
Other intangible assets	5,364,630	-	-	-	30,468	5,395,098
Quoted Investments	281,114	-	-	-	-	281,114
Current assets						
Trade and other receivables	506,075	-	-	-	-	506,075
Cash and cash equivalents	3,934,510	-	-	-	-	3,934,510
Current liabilities						
Trade and other payables	(458,449)	-	(7,157)	-	-	(465,606)
Non-current liabilities						
Long-term borrowings	(2,030,082)	-	-	-	-	(2,030,082)
Net assets	9,162,077	70,568	(7,157)	-	-	9,225,488
Equity						
Share capital	913,738	-	-	-	-	913,738
Shares to be issued	1,737,575	-	-	-	-	1,737,575
Share premium account	11,851,563	-	-	-	-	11,851,563
Profit and loss account	(5,344,648)	70,568	(7,157)	9,900	-	(5,271,337)
Translation reserve	-	-	-	(9,900)	-	(9,900)
Shareholders funds	9,158,228	70,568	(7,157)	-	-	9,221,639
Minority interests	3,849	-	-	-	-	3,849
Total equity	9,162,077	70,568	(7,157)	-	-	9,225,488

Reconciliation of profit for the 6 months ended 31 March 2007

		Adjustments				
	UK GAAP	**a**	**b**	**c**	**d**	**IFRS**
	£	**£**	**£**	**£**	**£**	**£**
Revenue	-					
Administrative expenses	(659,591)	-	(4,447)	-	-	(664,038)
Operating loss	(659,591)	-	(4,447)	-	-	(664,038)
Finance income	71,943	-	-	-	-	71,943
Finance costs	(1,028)	-	-	-	-	(1,028)
Net finance income	70,915	-	-	-	-	70,915
Loss before tax	(588,676)	-	(4,447)	-	-	(593,123)
Income tax expense	-	-	-	-	-	-
Loss for the period	(588,676)	-	(4,447)	-	-	(593,123)

Reconciliation of profit for the year to 30 September 2007

		Adjustments				
	UK GAAP	**a**	**b**	**c**	**d**	**IFRS**
	£	**£**	**£**	**£**	**£**	**£**
Revenue	-	-	-	-	-	-
Administrative expenses	(2,754,740)	70,568	(7,157)	-	-	(2,691,329)
Operating loss	(2,754,740)	70,568	(7,157)	-	-	(2,691,329)
Finance income	178,898	-	-	-	-	178,898
Finance costs	(33,260)	-	-	-	-	(33,260)
Net finance income	145,638	-	-	-	-	145,638
Loss before tax	(2,609,102)	70,568	(7,157)	-	-	(2,545,691)
Income tax expense	-	-	-	-	-	-
Loss for the period	(2,609,102)	70,568	(7,157)	-	-	(2,545,691)

Notes to the reconciliations

a) In accordance with IFRS 3, goodwill arising on the acquisition of a subsidiary is no longer amortised and therefore any adjustment to amortise goodwill under UK GAAP during the period since transition to IFRS has been reversed.

b) IAS 19 requires the amount expected to be paid for services rendered by employees to be accrued. The adjustment made on transition to IFRS relates to holiday earned at the period ends but not taken.

c) In accordance with IAS 21 foreign exchange differences on consolidation of foreign subsidiaries have been reclassified in to a separate reserve within equity.

d) In accordance with IFRS, capitalised software costs have been reclassified from property, plant and equipment to intangible assets. The software depreciation charge under UK GAAP has been reclassified as amortisation with no net effect on the Group's income statement.