

Metals Exploration PLC
30 June 2005

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Metals Exploration - Interim Results

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Metals Exploration PLC

30 June 2005

Metals Exploration plc

Unaudited interim results for the 6 months to 31 March 2005.

LONDON - 30 June 2005 - The Directors of Metals Exploration plc (AIM: MTL), the UK based gold exploration company with a focus on The Philippines, are pleased to announce its first unaudited interim results for the 6 months ended 31 March 2005.

Highlights - up to 31 March 2005

* 22 October 2004 - Admission of the Company's Ordinary Shares to trading on AIM.

- * 23 December 2004 - Acquisition of a 70% interest in the Masapelid Project, Philippines.
- * 2 February 2005 - Acquisition of a 70% interest in the Runruno Project, Philippines.
- * Initial reconnaissance mapping and sampling produces encouraging results at Masapelid.
- * 18 February 2005 - Acquisition of 100% in the Jaclupan Project's Exploration Permit Application, Philippines.

Highlights - post 31 March 2005

- * At Runruno, revaluation of historical data and recent mapping and sampling of the surface and high grade miners' tunnels have produced results, which indicate that mineralization is over 2.5 km at the surface, 100m wide, and 400m deep. This indicates to the Company the presence of a considerable deposit
- * At both Masapelid and Runruno drill sampling is planned.
- * 28 June 2005 - Acquisition of 100% in the Puray Project's Exploration Permit Application, Philippines.

Commenting on the results, Steven Smith, Chairman of Metals Exploration plc said:

"It has been an exciting time for Metals Exploration since coming to AIM in October 2004. We have secured a significant interest in four exploration projects and in two of them, Masapelid and Runruno, our initial mapping and sampling have produced very encouraging results. We look forward to the second phase drilling tests on these projects with considerable optimism; and await our initial results on Jaclupan and Puray."

For more information

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Venables

Metals Exploration plc

CHAIRMAN'S STATEMENT

Following the Company's admission to AIM in October 2004 Metals Explorations plc ("Metals Ex") has focused its efforts on the acquisition of a significant

interest in four mineral exploration projects. Masapelid, Runruno, Jaclupan, and Puray are all located in the Philippines and have substantial exploration opportunities.

MASAPELID PROJECT

The Board announced the acquisition of a 70% interest in the Masapelid project on 23 December 2004. The project was identified by Mr Gary Powell (Metals Exploration plc - Director) as having potential for the definition of gold and copper resources. Mr Powell carried out field investigations and due diligence at the project in November 2004 to verify the existence of previous mining and exploration activities. Metals Ex signed an agreement with the claim owner of the Masapelid Project (San Manuel Mining Corporation) on 23 December 2004. The agreement allows Metals Ex to earn a 70% economic interest in the Project by paying San Miguel Mining Corp US\$ 105,000 and issuing 1,250,000 ordinary shares in Metals Ex over a three year period. Metals Ex is able to withdraw from the Agreement at any time, without any encumbrances or liabilities, in return for relinquishing its economic interest.

The Masapelid Project is located in the northeast corner of Mindanao in the Province of Surigao, approximately 750 km south of Manila. The project covers the entire Masapelid Island.

The Island is composed of tertiary andesite and basalt flows and sub-volcanics with lesser amounts of pyroclastic. These volcanic rocks are uncomfortably overlain by limestone of younger tertiary age. Pervasive silica-clay-pyrite alteration is most pronounced in the andesitic units and is characteristic of Masapelid. Quartz-gold-polymetallic veins have been mined historically on the Island since Spanish colonial times, with records of production starting in the 1930's. This production was restricted to two northeasterly trending veins. A total of approximately 21,000 tons of ore with a grade of 16 to 24g/t Au was reportedly mined to a depth of approximately 90 meters. An assessment of the developed parts of these veins in 1941 by H. Lindblom showed that there was approximately 133,000 tons of ore blocked out ready for mining at that time. The outbreak of World War II stopped all mining activities.

During the 1980's artisanal gold miners worked on the Island; however, the discovery of the rich Diwalwal gold mining area on Mindanao Island caused all mining on Masapelid to cease.

Western Mining Corporation carried out a regional soil sampling program and some diamond drilling in the early 1990's. This generated a comprehensive database covering the whole Island.

11 rock chip samples were collected during a reconnaissance survey in February 2005 of the historical Layong Vein mining area. The samples were submitted to an

independent, certified laboratory (Intertech Testing Laboratories) in Surigao City, for multi-element analyses.

Table 1. Gold and Silver results - Rock-chip sampling - Masapelid Project, Philippines

Sample Number	Gold (g/t)	Silver (g/t)	Description of Rock Sample
MSP001	0.12	0.1	altered diorite with minor quartz veinlets
MSP002	0.92	<0.1	altered andesite, slightly brecciated
MSP003	0.18	15.4	quartz vein
MSP004	0.04	0.1	altered andesitic volcanic
MSP005	1.37	3.7	altered andesitic volcanic with minor quartz veinlets
MSP006	0.45	40	quartz vein
MSP007	0.35	32	altered andesitic volcanic with minor quartz veinlets
MSP008	1.97	9.1	quartz vein
* MSP009	121	175	quartz vein
* MSP010	24	154	altered andesitic volcanic rock with quartz veinlets
MSP011	2.20	6.6	altered andesitic volcanic rock with quartz veinlets

* Of particular interest are the 'bonanza' style gold grades attained from samples MSP009 and MSP010, which also contain high silver grades. This style of mineralisation is typical of a low-sulphidation quartz-gold-silver epithermal system.

Our current activities at Masapelid include detailed mapping, surface trenching and sampling of the Layong and "Number 6" Veins, and a compilation of old and new data. Our short term goals are to define the best area for exploration drilling for the extensions of the known high grade veins, and the assessment of the potential for larger tonnage deposits on the Island.

RUNRUNO PROJECT

On 2 February 2005 the Board announced that Metals Ex had signed an option agreement over the Runruno Project. The agreement allows Metals Ex to earn up to a 70% economic interest in the project by paying the FCF Mining Corporation US\$ 210,000 and 1,600,000 ordinary shares in Metals Ex over a three year period.

The Runruno Project was reviewed by Mr Gary Powel during a visit in November 2004 as having advanced potential for the definition of gold and copper resources. The Runruno Project has had previous exploration conducted over it but has never been advanced due partly to the property being subject to numerous

legal disputes, which have now all been resolved.

Runruno is located approximately 200 km north of Manila in Nueva Viscaya Province. Geologically, the area is underlain by prominent alkaline syenite and monzonite intrusives and alkaline volcanic flows and tuffs. Gold mineralization has been known to exist in Runruno since the early 1960's and the property has a long history of exploration.

From 1969 - 1972 a local company (Fil-Am) completed a total of 69 diamond drill holes for a total of 7,300 meters. Using the results from this program they calculated a 13.4 million tonne resource at an average grade of 1.41 g/t gold, and 0.8 g/t gold cutoff, for a total contained 607,500 ounces gold.

In 1974, Consolidated Goldfields of Australia optioned the property from Fil-Am for one year and drilled 9 widely spaced diamond drill holes. Following this work approximately 9,000 meters of drilling had been completed on Runruno. In 1978 Fil-Am commissioned a feasibility study from Kurimoto Ironworks and Nissho Iwai and Co Ltd of Japan to be based on the available diamond hole data. The study found that the property was economically viable with an estimated resource of approximately 450,000 ounces of gold mineable by block-caving method.

Golden Arrow Mining took out an option over the property in 1980 and carried out further drilling until they relinquished the option in 1998 due to financial and

internal management problems. Base Metal Mineral Resources signed an exclusive agreement with Fil-Am in 1995 allowing them to explore, develop and operate the property. In 1996 ACA Howe International Ltd was engaged to calculate a resource estimate for the property. In their report ACA Howe estimated an inferred resource containing 607,000 ounces of gold, and that the resource might be understated by up to 30% due to poor core recovery.

In 2000 Greenwater Mining Corporation together with others carried out further work on the resource. Unpublished reports suggested that with further work a 2 million ounce gold resource was achievable. Mr Powell was given access to core samples drilled by Greenwater during his due diligence visit in November 2004 and his conclusion was that the quality of work carried out was of a very high standard and therefore their results can be regarded as not requiring any substantial verification process.

Metals Ex has, since acquiring its option over Runruno in February 2005, carried out a careful review of all previous works and reports, a basic structural analysis of the deposit, field mapping and sampling and extensive sampling of the small scale miner's tunnels.

Results of sampling and mapping of the local miners' tunnels located at the Balcony 1, Balcony 2, Main Runruno, Tayab and Malilibeg areas have confirmed the existence of the high grade (>1.4g/t Au) potential of gold mineralisation (and

molybdenum) in the hanging-wall and foot-wall zones of the main Runruno mineralisation.

The Company has just finished sampling the high grade miner's tunnels.

Generally, 5 meter channel samples were taken continuously along the side walls and backs of the local miners' tunnels. Results of the channel samples represent the grades of the high-grade material that the local miners have been leaving behind.

The channel samples (315 samples) taken from fifty tunnels have returned average grades of 4.3 g/t gold; 1,125 g/t molybdenum, and 4.8 g/t silver.

Tunnel Locations	No. of Tunnels sampled	No. of Samples	Au g/t	Mo g/t	Ag g/t
Balcony 1	7	50	5.7	754	3.7
Balcony 2	1	14	5.5	978	5.2
Main Runruno	5	42	3.1	420	2.3
Tayab	19	100	4.5	1060	4.5

Malilibeg	18	109	3.9	1642	6.6
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Totals	50	315 samples			
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Weighted Average					
Grades			4.3	1,125	4.8
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The local miners' tunnels are located predominantly in the hanging-wall or foot-wall zones of the main Runruno mineralisation, which has been mapped at surface over a strike distance of 2.5 kilometres. The local miners' tunnels occur over a distance of approximately 2 kilometres.

We have identified a target drill area of 600m x 400m which lies within the central known area of mineralization that was previously drilled by Fil-Am upon which their resource calculation was based. However the recovery of the ore from their drilling was very low (30% or less) and so we will be attempting to show that the average grade of 1.4g/t reported could be on the low side

Metals Ex maintains an active camp at Runruno with staff that includes geologists, samplers and field workers. Current activities in the field include:

- (i) GPS surveying and mapping of underground workings which include over 40 tunnels which have been sampled by channel sampling and surveyed underground;

(ii) brushing and surveying of grid lines, spaced at 100 meters and covering an area of 1.0km x 1.5km and covering the initial drill targeted area; (iii) surveying and clearing of drill sites.

Geologic staff in the Manila office are compiling and analyzing the sampling from the adits and are preparing assay plan and section maps in order to precisely define the spatial orientation of the known mineralization. This information will be used to plan the drill site locations to most effectively sample and crosscut the known mineralized structures. Drill contracts are currently being tendered.

JACLUPAN PROJECT

The Jaclupan Project is located within 5 kilometres of the large open-cast and underground copper-gold mines of Atlas Consolidated Mines & Development Corporation (pre-mining reserve of 1 billion tonnes grading 0.46% Cu and 0.25 g/t Au).

The Jaclupan Project is an Exploration Permit covering 3,321 hectares.

Exploration will commence immediately with the aim of defining drill targets in preparation for drilling once the Exploration Permit has been granted.

Occurrences of gold and copper mineralization have been identified in four

localities in Barangays Bantoon, Manduang, Kuanos and Kanluntao. These prospects are potentially related to regional structures which are interpreted as being within the periphery of a porphyry intrusive(s).

The first reported reconnaissance survey of the project area was carried out during 1997. Thirty four (34) rock chip samples obtained from the surface returned results ranging up to 83.03 g/t Au, with best results of 19.05 g/t Au, 23.0 g/t Au, 30.37 g/t Au, 44.80 g/t Au, 53.8 g/t Au and 83.03 g/t Au.

Similarly, encouraging results for copper were obtained ranging up to 2.5% Cu, with best results of 2.3% Cu, 2.4% Cu and 2.5% Cu. The samples were taken from highly altered, hematite/limonite-rich, chalcopyrite-bearing intrusive andesitic volcanics with local malachite stains in fractures.

The results of the previous exploration work at Jaclupan are very encouraging and confirm the presence of copper-gold mineralization containing significant, near-surface high-grade gold and copper mineralization.

The company is currently awaiting the granting of the Exploration Permit, before anymore work can be undertaken on the property.

PURAY PROJECT

On 28 June 2005, the Company announced the signing of an option to purchase

agreement for the Puray copper-zinc-silver-gold project located in the Philippines.

The Puray Project comprises one Exploration Permit Application covering some 6,075 hectares, and is located only 28 kilometres from the city of Manila. The Puray property has been explored and partially mined since the 1930's. The mineralisation is polymetallic, containing high-grade and disseminated copper-zinc-silver-gold. The style of mineralisation is similar to the Kuroko style of massive sulphide deposits, which have been major producers of copper, zinc, silver, gold and lead in Canada (e.g. Kidd Creek, Ontario, Canada). The high grade and commonly high precious metal content of Kuroko deposits continue to make them attractive exploration targets.

During 1969 to 1972 mining of massive sulphide-copper ore was carried out by Eastern Rizal Copper Corporation. Approximately 700 tonnes of bornite ore was mined of which a 200 tonne parcel was shipped directly to Japan for smelting. The grade of the shipment reportedly averaged 20% Cu, 5.75 g/t Au and 196g/t Ag. The remaining 500 tonnes of the massive bornite ore stockpile was lost in a hill-slide during a typhoon in 1972.

In 1981, Eastern Rizal Copper Corporation reported that there remained in the underground workings several thousand tonnes of massive sulphide ore grading 10-50% Cu. They also reportedly calculated a proven and probable resource of 8

million tonnes at an average grade of >0.7% Cu and an additional 28 million tonnes of possible resources at an unspecified grade for the remaining disseminated sulphide mineralisation. The resources calculations were derived from the results of sampling surface trenches and tunnels, although they are not verifiable, and do not necessarily comply with the JORC guidelines for the reporting of mineral resources.

ERCC did not consider other metals such as zinc, gold or silver as being significant, therefore it appears that assaying for these metals were not always carried out. The current metal prices for these other metals, however is considered by the Company to be of some economic importance when reviewing the potential for this project. Samples obtained from the surface during a recent field visit by the Company returned assays ranging up to 8.9% Cu, 1.7% Zn and 1.3g/t Au.

The occurrence of 'direct shipping' bornite and chalcopyrite ore indicates the potential for the delineation of high-grade Kuroko-style mineralisation of significant size over a potential strike length of up to 6 kilometres.

Upon granting of the Exploration Permit Application, it is the intention of Metals Exploration to exercise the option to purchase agreement and apply modern exploration techniques to define the project's size and grade potential. The Company considers the acquisition of the Puray polymetallic project an exciting

opportunity to enhance its projects portfolio and ultimately deliver increased value to the shareholders.

OUTLOOK

It is clear from the above descriptions of Masapelid, Runruno, Jaclupan and Puray, that each of the projects have considerable merit.

Metals Ex will keep its shareholders fully informed as these projects advance.

SM Smith

Chairman

Metals Exploration plc

Profit and Loss Account

for the 6 months ended 31 March 2005 - Unaudited

Note £

Turnover	-	
Administrative expenses	(66,023)	
Other operating income	-	

OPERATING LOSS	(66,023)	
Interest Receivable	6,580	
Interest Payable	-	

LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(59,443)	
Tax on loss on ordinary activities	-	

LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION	(59,443)	
	=====	
Loss per ordinary share - basic	2	0.25p
	=====	

Loss per ordinary share - fully diluted 2 0.20p

=====

Metals Exploration plc

Balance Sheet

31 March 2005 - Unaudited

Note £ £

INTANGIBLE FIXED ASSETS

Exploration and development costs 5 287,115

CURRENT ASSETS

Debtors 45,299

Cash at bank and in hand 328,567

373,866

CURRENT LIABILITIES

Creditors: amounts falling due within one year		64,736

NET CURRENT ASSETS		309,130

TOTAL ASSETS LESS CURRENT LIABILITIES		596,245

Creditors: amounts falling due after more than one year		-

TOTAL NET ASSETS		596,245

	=====	
CAPITAL AND RESERVES		
Called up share capital	6	266,433
Share premium		292,255
Shares to be issued		97,000
Profit and loss account		(59,443)

SHAREHOLDERS FUNDS		596,245
	=====	

Cash Flow Statement for the

6 months ended 31 March 2005 - Unaudited

	Note	£
Net cash outflow from operating activities	3	(46,586)
Returns on investment		6,580
Capital expenditure - Exploration and development costs		(287,115)

Cash outflow before financing		(327,121)
Financing:		
Issue of shares		483,688
Shares to be issued		97,000

Increase in cash		253,567
	=====	

Metals Exploration plc

Notes to the Financial Statements

for the Period ended to 31 March 2005 - Unaudited

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards generally accepted in the United Kingdom. These interim financial statements are unaudited and do not constitute statutory accounts as defined by Section 240 of the Companies Act 1985.

Exploration and development costs

Costs relating to the acquisition, exploration and development of mineral properties are capitalised until such time as an economic reserve is defined and mining commences or the mining property is abandoned.

Once mining commences the asset is amortised on a depletion percentage basis.

Provision is made for impairments to the extent that the asset's carrying value exceeds its net recoverable amount.

Computer software

Computer software is amortised over its estimated useful life at 40% on cost.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 10% to 50% on cost

Fixtures and fittings - 20% to 50% on cost

Deferred tax

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognized to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognized have not been discounted.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account

in arriving at the operating result.

Going concern

The Company is in the early stages of development and has limited cash resources, its success will depend largely upon the outcome of future mining exploration and development programmes of Far East and in particular the Philippines.

The directors believe they have considered all relevant information and have concluded that it is appropriate to prepare these financial statements on the going concern basis. The financial statements do not include any adjustments that may be required if the funds are not available or if the trading plans were not materially achieved.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Metals Exploration plc

Notes to the Financial Statements for

The Period ended 31 March 2005 - Unaudited

2. LOSS PER SHARE

The basic loss per share is based on 23,544,166 ordinary shares, being the weighted average number of ordinary shares in issue during the period, and on the loss after taxation for the period of £59,443. The fully diluted loss per share takes into account all outstanding warrants and shares to be issued and is based on 29,994,166 ordinary shares.

Basic earnings/(loss) per share is calculated by dividing the profit or loss after taxation for the period available to the ordinary shareholders by the sum of the weighted average number of ordinary shares in issue during the period.

Diluted earnings/(loss) per share is calculated by dividing the profit or loss after taxation for the period by the weighted average number of ordinary shares in issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the period.

3. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

£

Operating loss	(66,023)
(Increase) in debtors	(45,299)

Increase in creditors	64,736

Net cash outflow from operating activities	(46,586)
	=====

4. MOVEMENT IN CASH BALANCES

£

Net cash balances as at 1 October 2004	75,000
Movement in 6 months ended 31 March 2005	253,567

Net cash balances as at 31 March 2005	328,567
	=====

5. EXPLORATION AND DEVELOPMENT COSTS

On 23 December 2004 Metals Exploration plc concluded an agreement with the claim owner of the Masapelid Project (Philippines), San Manuel Mining Corp. The agreement allows Metals Exploration plc to earn a 70% economic interest in the project on completion of the following payment schedule:

	Cash	Shares in Metals
	US\$	Exploration plc

On completion	25,000	250,000
1 year after completion	25,000	250,000
2 years after completion	25,000	250,000
3 years after completion	30,000	500,000

Metals Exploration plc

Notes to the financial Statements

For the 6 months ended 31 March 2005 - Unaudited

6. EXPLORATION AND DEVELOPMENT COSTS - Continued

Metals Exploration plc is able to withdraw at any time in return for relinquishing its earned interest.

On 2 February 2005 Metals Exploration plc signed an option agreement on the Runruno Project. The agreement allows Metals Exploration plc to earn a 70% interest in the project which is owned by FCF Mining Corp. The following payment schedule has been agreed:

Cash	Shares in Metals
US\$	Exploration plc

On completion	100,000	400,000
1 year after completion	30,000	400,000
2 years after completion	40,000	400,000
3 years after completion	40,000	400,000

Exploration and development costs included in the balance sheet represent the completion payments on both the above projects together with the costs incurred on due diligence, concluding the contracts and subsequent exploration.

6. ORDINARY SHARES OF 1P IN ISSUE

Date of issue	Number	Nominal Value
		£
8/4/04	2	-
30/9/04	7,499,998	75,000
22/10/04	18,093,332	180,933
17/2/05	750,000	7,500
17/3/05	300,000	3,000
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TOTAL	26,743,330	266,433

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7. THE INTERIM REPORT

The Interim Report was approved by the Directors' on 30 June 2005.

Copies of the Interim Report may be obtained on written request to the Company Secretary, Metals Exploration plc, 7 Savoy Court, Strand, London WC2R 0ER.

This information is provided by RNS

The company news service from the London Stock Exchange

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