

Metals Exploration PLC  
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Metals Exploration - Gold Project

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Metals Exploration plc

#### Announcement

The board of Metals Exploration Plc (LSE code "MTL") is pleased to announce that the Company has signed an option agreement in the Philippines over the Runruno Project. The agreement allows the Company to earn up to 70% economic interest in the project fully owned by FCF Mining Corporation by the issuance of cash and shares over a three year period totalling US\$210,000 and 1,600,000 shares to its two shareholders, Filminera Resources Corporation and Christian Mining, Inc.

The Runruno Project has been reviewed by Mr Gary Powell, a director of the Company, as an advanced project having potential for the definition of further gold and copper resources. During a visit to the Philippines in November, 2004, Mr Powell carried out field investigations and due diligence activities at the project.

The Runruno project has had previous exploration conducted over it but has never been advanced due partly to the property being the subject of numerous legal disputes lasting several years, which have now all been legally resolved.

The Runruno gold and copper deposit, covered by a granted Exploration Permit EP No 11-000013, is located approximately 190 aerial kilometres North-Northeast from Manila in Northern Luzon and covers some 3,091 hectares.

The board of Metals Exploration views the Runruno Project as a unique opportunity to enter an advanced project with numerous data and potential for the increase of its already known resource.

#### Project History

From 1969 to 1972, a local mining company (Fil-Am) completed a total of 69 diamond drill holes for a total 7,300 meters and developed three exploratory adits totaling approximately 800 metres. Using the results from this program, Fil-Am calculated an estimated 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 Ltd. optioned the property from Fil-Am for one year, and in 1975 drilled 9 widely spaced diamond drill holes totalling 1,373 metres and excavated 142 test pits, 2-3 metres deep, over the more prospective areas of the property. Approximately 9,000 metres of drilling

has now been completed at Runruno.

In mid-1978, Fil-Am contracted two Japanese companies, Kurimoto Ironworks, Ltd. and Nissho Iwai and Co. Ltd. to conduct a feasibility study for its property based on the available diamond drill hole data. Kurimoto sub-contracted the geological, mining and metallurgical aspects of the feasibility study to Dowa Engineering Co. Ltd. The Japanese companies reportedly found that the Fil-Am property was economically viable with an estimated resource to be about 450,000 ounces gold mineable by block-caving method.

In November 1980, Golden Arrow Mining Company, a subsidiary of Apex Mining Company took an option over the property and reportedly completed 17 diamond drill holes totalling 1,819 metres. No further work was carried out until they relinquished the option in 1987 due to financial and internal management problems.

On August 28, 1995, Base Metal Mineral Resources ("BMMR"), a subsidiary of London Fiduciary Trust Plc ("LFTP"), executed a Mines Operating Agreement ("MOA") with Fil-Am allowing the former exclusive rights to explore, develop and operate the property. In 1996, LFTP engaged the services of ACA Howe International Ltd ("ACA Howe") to calculate a resource estimate for the property. In their report, ACA Howe estimated an Inferred Resource containing 607,000 ounces gold, and that the resource might be understated by up to 30% due to poor core recovery. (Hodgson, M. J., June 1996, Geology and ore reserves of the Runruno gold deposits: unpublished report prepared for London Fiduciary

Trust Ltd by ACA Howe International Ltd.)

During 1996, Newmont Philippines, Inc. conducted a field investigation and evaluation of the property, but did not elect to take an interest in the property. Later, additional tenements were incorporated into a joint venture agreement with three other parties, which in 2000, was then joint ventured to Greenwater Mining Corporation, an 80%-owned subsidiary of Placer Greenwater Pty. Ltd. of Singapore (100%-owned subsidiary of Placer Dome Exploration of Canada).

The project then covered some 12,390 hectares of land area, of which the current property formed the central portion. Unpublished reports, including ones by by Greenwater Mining Corporation, who have been involved with the project over the years, suggest that with further work a 2 million oz gold resource is achievable. Diamond drill core samples of the low-grade resource investigated by Placer, which the company undertook with no exploration of the high-grade quartz veins being mined by the artisan miners, were inspected by Mr Powell during the due diligence visit, and were found to be stored in a safe and secure manner.

The quality of the work carried out by Placer was found to be of a very high standard and therefore their results can be regarded as not requiring any substantial verification process.

The Company has also taken account of the fact that the property is situated to the northwest of Climax Mining Ltd's Didipio Project (20.34M tonnes of Proven and Probable Ore Reserves @ 1.7 g/t Au and 0.65% Cu - contained within a global resource of 121 million tonnes, grading 0.97 g/t Au and 0.39% Cu, for contained gold of 3.8 million ounces of gold and 470,000 tonnes of copper.).

see [www.climaxmining.com.au/project\\_didipio.htm](http://www.climaxmining.com.au/project_didipio.htm)

## Commission

Under an arrangement entered into in December 2004 with East West Drilling (L) Limited, a major drilling company in the Philippines, (" EWD") agreed to use its reasonable endeavours to introduce the Runruno Project to the Company in consideration of the payment of a success fee of £45,000. The Company also agreed to accept the subscription by EWD for 1.5m shares at 3p per share and to issue 2m warrants to subscribe for ordinary shares at 3.25p per share. Under the same arrangements, EWD has introduced one other project to the Company, in respect of which negotiations are well advanced and which, if completed, will result in the payment to EWD of a further £45,000, and the subscription by EWD for a further 1,500,000 shares at 3p per share and 2,000, 000 warrants to subscribe for shares at 3.25p per share.

## Gary Powell

Mr Gary Powell is a consulting geologist who has been involved in gold and copper exploration projects for over 20 years. He has a Bachelor of Science degree in geology and is a member of the Australasian Institute of Mining and Metallurgy. He has compiled, read and approved the technical disclosure in this announcement.

Mr Powell does not have any economic interest in the above mentioned property.

He is a Non- Executive Director of the Company and receives separate remuneration for the provision of his technical services.