

**METALS EXPLORATION plc**  
**("Metals Exploration" or the "Company")**

**£13 million Convertible Facility Agreement**

12 November 2010

On 12 November 2010, Metals Exploration and Shelfco 724 Limited ("Shelfco"), a related company of Solomon Capital Limited ("Solomon"), entered into a £13 million Convertible Facility Agreement ("Facility"). Under the terms of the Facility, Shelfco has agreed to make available, subject to the terms therein, a convertible credit facility for up to £13,000,000. Key terms of the Facility are as follows:

- £3,000,000 is available at first drawdown of which £2,000,000 will be applied to the discharge of the fully drawn £2,000,000 On Demand Facility previously provided by Solomon. The On Demand Facility will then be cancelled;
- The balance of the facility can be drawn down in monthly tranches;
- The Facility is for a term of 364 days;
- Interest on the amounts drawn will accrue at 10% per annum payable one month in arrears from the date of the drawdown. The default interest rate is 13% per annum;
- At any time after 8 December 2010 and during the term of the Facility, Shelfco at its absolute discretion may convert all or part of the drawn amount plus any accrued interest into fully paid ordinary shares of the Company at a conversion price of 13p per share;
- To the extent that any amount is converted, that part of the Facility is treated as repaid;
- An arrangement fee of 1% is payable by the Company on the first £2,000,000 drawn and thereafter at a rate of 2% on the drawdown of each tranche;
- Any sum due to Shelfco and not either repaid to Shelfco or converted by Shelfco prior to the termination date shall be repaid by the Company on the termination date. If all or part of the utilised but unconverted Facility is not repaid when due, the Company will pay to Shelfco a fee of 3% on that sum;
- An exit fee of 1% is payable on the entire sum drawn except to the extent that some or all of that sum has been converted into fully paid ordinary shares of the Company;
- The loan will be secured against the assets of the Company and the Company's subsidiaries as required; and
- The Facility Agreement contains a number of general undertakings and restrictions on the Company which are usual for a facility agreement of this nature.

The provision of the Facility constitutes a related party transaction in accordance with AIM Rule 13. Tim Dean is also a director of Solomon and is therefore not considered to be independent for the purposes of this transaction. In accordance with the requirements of AIM Rule 13, the Directors of the Company (other than Tim Dean) consider, having consulted Westhouse Securities Limited in its role as the Company's Nominated Adviser, that the terms of the Facility are fair and reasonable insofar as the Company's shareholders are concerned.

The provision of the Facility by Shelfco provides certainty over the Company's future funding position. The Company will now shortly be in a position to publish its interim accounts for the six month period ended 30 June 2010 and apply to have the suspension of its shares from trading on AIM lifted.

The funding will be applied to advancing the Company's Runruno project towards a commitment to development and for general working capital.

**Enquiries:**

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