

19 July 2007

METALS EXPLORATION PLC

RAISE £6.3M VIA PLACING AND CONVERTIBLE NOTE

The Board of Metals Exploration PLC ("the Company") (AIM: MTL), the UK based precious and base metals exploration company focused in the Pacific Rim Region is pleased to announce that it has raised £6,305,000 (before expenses) by way of a £4,305,000 placing by the Company of new ordinary shares (the "Placing") and £2,000,000 Convertible Note Issue.

FUND RAISING HIGHLIGHTS:

- * £6,305,000 gross proceeds raised
- * £4,305,000 raised through the placing of 10,762,500 new ordinary shares ("Placing Shares") at a placing price of 40 pence per ordinary share ("Placing Price"), representing a 4% discount to the closing mid-price on Wednesday, 18th July 2007 of 41.75 pence
- * £2,000,000 Convertible Note Issue with a coupon of 9% per annum and a conversion price of 52 pence per ordinary share, representing a 30% premium to the Placing Price

Following the recent positive metallurgical testwork and infill drilling results at the Company's flagship Runruno project in the Philippines, the Company intends that proceeds from the fundraising will be directed primarily towards continuing to add value to the Runruno project.

The injection of funds also gives the Company the flexibility to pursue additional projects in the Pacific Rim Region. The Company is currently actively reviewing corporate opportunities with the potential to add value to the Company and/or provide near term cashflow. The Company will keep investors updated in the event that these opportunities materialise.

Funds will also be used to finance the general working capital requirements of the Company.

Jonathan Beardsworth, CEO of Metals Exploration Plc commented:

"This fundraising gives the Company the flexibility it needs to pursue its corporate objectives, and builds on the steady improvement in the share price so far this year. We are grateful for the support of existing shareholders, and pleased to welcome important new investors.

"Our previous announcement demonstrated that infill drilling at Runruno is proceeding well, and that we have received some extremely encouraging metallurgical test results showing 94.7% overall gold recovery from a composite sample of primary sulphide mineralization subjected to pressure oxidation tests, as well as the presence of some solubilised molybdenum.

"We will continue to focus on adding value at Runruno, as well as exploring other corporate and project opportunities."

Jonathan Beardsworth

Chief Executive Officer

Placing details

The Company has raised £4,305,000 through a placing by the Company of 10,762,500 new ordinary shares at 40 pence per ordinary share. The Placing was not made on a pre-emptive basis.

Application will be made for the Placing Shares to be admitted to trading on AIM and it is expected that admission and dealings in the Placing Shares will commence on 24 July 2007.

The Placing Shares will rank pari passu in all respects with the existing shares in issue.

The number of ordinary shares in issue following completion of the Placing will be 89,009,837.

Convertible Note Issue Details

The key terms of the Convertible Note are:

Lender	City Natural Resources High Yield Trust plc, and New City High Yield Fund Limited;
Amount	£2 million pounds <u>sterling</u>
Coupon	9% per annum payable quarterly in arrears
Escrow	The first 12 months interest payments to be reserved and paid in accordance with the terms of the <u>Loan</u> Notes

Conversion	The Loan Notes may be convertible at the option of the Loan Note holder at any time prior to the close of <u>business</u> on 1 August 2011 into 3,846,154 Ordinary Shares
Conversion Price	52p per share
Change of Control	Upon a change of control involving the acquisition of voting control of over 50% or more of the shares of the Company, the Loan Notes holders will have the right to require the Company to redeem the Loan Notes, in whole or in part, at a price equal to 101% of the principal amount and unpaid interest accrued thereon

For more information:

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