



METALS EXPLORATION PLC

FTAA SIGNED BY ORDER OF THE PRESIDENT OF THE PHILIPPINES

Metals Exploration Plc (“Metals Ex” or the “Company”), the natural resources exploration and development company with assets in the Pacific Rim region, is pleased to report that its Financial or Technical Assistance Agreement (“FTAA”) for the Runruno gold-molybdenum project on the island of Luzon in the northern Philippines has been signed by order of President Macapagal-Arroyo, President of the Republic of the Philippines.

Highlights:

- **FTAA signed by Executive Secretary Eduardo Ermita on the authority of the President**
- **Provides a stable investment regime for project development and subsequent operation**
- **Ensures security of title for 25 years, renewable for a further 25 years**
- **Metals Ex retains rights to 100% of the project**
- **Tax holiday for up to 5 years following commencement of production until Metals Ex has recovered its pre-operating expenses and investment**
- **Arbitration, if needed, conducted in Singapore at the Singapore International Arbitration Centre (SIAC)**

Jonathan Beardsworth, Managing Director, commented:

“This award of the FTAA is an enormous breakthrough for the Company. It secures our legal title to Runruno for 25 years, with an option to extend for a further 25 years. The FTAA clearly sets out our rights and obligations in respect of Runruno and will allow us to continue project development with reinforced confidence. It should also materially alleviate any concerns there may be as to country risk, since it is a contract at law between ourselves and the Government and cannot be terminated, save as provided in the contract. Furthermore it clearly establishes the right to 100% ownership of the project and any arbitration, should it be needed, will be conducted offshore at the Singapore International Arbitration Centre (SIAC).

“We are most grateful for the support received throughout the FTAA application process from Secretary Lito Atienza and his staff at the Department of the Environment and Natural Resources; Director Horace Ramos and his staff at the Mines and Geosciences Bureau; Secretary Peter Favila and his staff at the Department of Trade and Industry; Philip Romualdez and his staff at the Philippine Chamber of Mines; Ambassador Antonio Lagdameo and his staff at the Philippine Embassy in London; Ambassador Stephen Lillie and his staff at the British Embassy in Manila; and of course Her Excellency Gloria Macapagal-Arroyo, President of the Republic of the Philippines, who we had the pleasure to meet during her recent visit to London.”

About the FTAA:

The FTAA is a legal contract between the Government of the Republic of the Philippines and FCF Minerals Corporation (“FCF”) (the “Parties”) designed to establish a stable investment regime for the development of the Runruno project. Metals Ex owns 85% of FCF and has rights to the remaining 15% in perpetuity.

The Company began the FTAA application process in Q1 2008, since when it has passed through various stages including evaluation by the local Mines and Geosciences Bureau (“MGB”) office, endorsement by the MGB Director and review by the Department of the Environment & Natural Resources.

Under the FTAA, FCF is granted the exclusive right for 25 years, renewable for a further period of up to 25 years, to explore, mine, process and export minerals and by-products from the project area. In exchange for this right, FCF is required to commit a minimum investment of USD 50 million in project development, much of which will be spent on local infrastructure benefiting local communities. In addition, the FTAA also grants other rights over the area, such as access, water use, occupation of the land as well as use of other natural materials within the contract area such as timber and limestone.

The FTAA sets out the rights and obligations of both parties with regard to reporting, expenditure requirements, project development phases and operation, work programmes, environmental and reclamation procedures, community development, repatriation of profits, termination, and other provisions normal for an agreement of this type.

It also defines the fiscal regime whereby FCF benefits from a tax holiday for up to 5 years after commencement of production until it has recovered its pre-operating expenses and investment. Thereafter the Government will receive a “Government Share” consisting of all direct taxes, withholding taxes, royalties, fees, and related payments (the FTAA lists 15 qualifying tax categories). If the resulting Government Share falls short of 50% of “Net Mining Revenue”, calculated after deduction of all mining, processing, administrative, environmental, community, royalty, sustaining capital and interest expenses, then the Government Share shall be increased until it represents 50% of Net Mining Revenue (the “Additional Government Share”).

In the event of a dispute that cannot be settled amicably between the Parties acting in good faith, both Parties have agreed to submit to binding arbitration in Singapore at the Singapore International Arbitration Centre (SIAC) under the United Nations Commission for International Trade Law (UNCITRAL) Arbitration Rules, or The Convention on the Settlement of Investment Disputes Between States and Nationals of Other States (the “Convention”) and the Rules of Procedure for the Institution of Conciliation and Arbitration Proceedings issued by the International Centre for the Settlement of Investment Disputes (“ICSID”) plus the Rules of Procedure for Arbitration Proceedings issued by ICSID.

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