

14 August 2007

METALS EXPLORATION PLC

ACQUISITION OF RIGHTS TO NICKEL LATERITE OPPORTUNITY

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 entered into an agreement with PT Batan Pelei Mining to acquire rights to various properties on Waigeo Island in Indonesia for a total consideration of US\$100,000.

HIGHLIGHTS:

- **Potential for major nickel laterite resource.**
- **Historic drilling identified ‘non-JORC compliant’ resources of 35 mt @ 1.5% Ni, 0.13% Co, 37% Fe.**
- **Exclusive right to explore and operate.**
- **US\$100,000 entry price for low Capex opportunity.**
- **Revenue sharing arrangement in the event of economic operation.**

Metals Exploration has, through an Indonesian subsidiary, PT Cupati, entered into an agreement with an Indonesian company, PT Batan Pelei Mining (BPM), to regulate the terms on which both parties will cooperate on the exploration and potential commercial exploitation of certain properties (“KPs”) held by BPM on Waigeo Island in Indonesia.

The Waigeo Island Nickel Project

BPM has granted Metals Exploration an exclusive right in connection with the KPs.

Historical drilling and pitting by PT Pacific Nikkel Indonesia (Pacific Nikkel) during the 1970s reportedly identified in-situ drilled resources of laterite (limonite) deposits within the area encompassed by the KP of 35 mt @ 1.5% Ni, 0.13% Co, and 37% Fe at a 1.1% Ni Cut-off. Pacific Nikkel was an American and Dutch consortium owned by United States Steel Corporation, Newmont Mining Corporation, Sherritt Gordon Mines Limited, Koninklijke Nederlandsche Hoogovens en Staalfabrieken N.V. and Internatio-Mueller N.V.

Due diligence work by the Company included several site visits by an independent geologist and Company personnel where evidence of previous drilling was observed.

The Company’s immediate target is the Sarenbon nickel laterite (limonite) deposit, where historical drilling and pitting by Pacific Nikkel reportedly identified an in-situ drilled non-JORC compliant resource of 15.7 mt @ 1.53% Ni, 0.14% Co, and 34% Fe at a 1.1% Ni Cut-off. It is the immediate intention to test the potential at Sarenbon for direct shipping of high-grade nickel laterite ore to consumers in Asia. This will involve confirmatory diamond core drilling, construction of basic infrastructure, identification of likely offtakers, and the conversion of the exploration KP permit to an exploitation and shipping one.

The grade of the Sarenbon deposit, subject to testing, appears similar to some of the world’s higher grade nickel laterite deposits currently being developed. Given the size and grade of the Waigeo nickel laterite deposits, and the potential to significantly increase the limonitic laterite resources, and the potential to add to the resource base with saprolitic laterite mineralisation, which has yet to be drilled, the Company believes that there is potential to develop a sustainable short- and medium-term nickel operation.

In the event that commercial operations commence, the Company has agreed to pay BPM a royalty equivalent to 10% of gross revenues for the first 5 years of operations, rising to 17.5% thereafter. The agreement between BPM and Metals Exploration is exclusive and open ended.

The tonnes and grades reported in this announcement are based on reports and geological plans produced by previous exploration companies. It should be noted that based on the information to date, there has been insufficient exploration to define a Mineral Resource which is JORC compliant and there is no guarantee that further exploration work will enable the calculation of JORC compliant mineral resources.

Some of the information in relation to the Waigeo Island Nickel Project was sourced from historical third party data. The Company has not been able to independently verify the accuracy of some of this information.

Jonathan Beardsworth, CEO of Metals Exploration Plc commented:

As previously announced in our annual report and elsewhere: “we will seek to identify and secure new prospective projects to add to our portfolio”, and this could be a development with significant potential for Metals Exploration.

“Our preliminary analysis to date suggests that the grade and tonnage exists at Sarenbon to support commercial direct shipping ore operations with the possibility of providing near-term cash flow. Naturally we will have to confirm this to be so, but the costs of doing so will be relatively modest when set against the potential upside. The Company is in the process of putting together a team of experienced personnel with the abilities to take this project through to mining.

“This opportunity does not divert our attention from our flagship project at Runruno. We continue to believe that Runruno has the potential to become a world class project, and it is possible that the KP’s on Waigeo Island could prove to be another significant asset for the Company.”

Jonathan Beardsworth
Chief Executive Officer

Transaction Details

- BPM remains the registered owner of the KPs;
- BPM has granted an irrevocable power of attorney to PT Cupati, to act for and on behalf and in its place as sole and exclusive attorney to exercise all rights including the mining rights, perform all duties, obligations and undertakings of BPM under and in relation to the KPs;
- BPM gives certain warranties concerning the KPs to the Company;
- Metals Exploration makes a non-refundable payment to BPM of US\$100,000 in consideration of the grant of the mining rights;
- PT Cupati is obliged under the Co-operation Agreement to use reasonable endeavours to conduct exploration, development, mining and export of ore as soon as possible and it shall pay a penalty to BPM of US\$200,000 if exports of ore mined by PT Cupati from the KP Area are not commenced within twelve months of the date by which all necessary licences and permits for mining and export of nickel ore from the KP Area have been obtained;

- Various duties and obligations of BPM and PT Cupati are set out in the Co-operation Agreement. PT Cupati is responsible for all costs and expenses to the extent considered commercially and operationally feasible in relation to the exploration and exploitation of the KPs;
- BPM and PT Cupati have entered into a commercial arrangement whereby, in the event that mining and export of nickel ore is commenced, BPM shall be entitled to 10 per cent of the gross sales revenues (“GSR”) in the first 5 years, and 17.5 per cent of the GSR thereafter.
- PT Cupati may terminate the Co-operation Agreement before mining operations have commenced, upon delivery to BPM of a written notice of withdrawal and its confirmation that exploration results or feasibility studies have confirmed to the satisfaction of PT Cupati that mining operations within the KPs would not be commercially feasible.

QUALIFIED/COMPETENT PERSONS

Gary Powell (a Director of the Company) has been involved in the mining and exploration industry for more than 24 years. He has a Bachelor of Applied Science degree in geology and is a member of the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. He has compiled, read and approved the technical disclosure in this regulatory announcement.

For more information:

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