

August 25, 2009

## **Metals Exploration Now Has A Clear Route To Production On Its Runruno Gold-Moly Project In The Philippines**

*By Alastair Ford*

It's all systems go at Metals Exploration, according to managing director Jonathan Beardsworth. The company is currently midway through a 65,000 metre drill programme on its Runruno gold-molybdenum project in the Philippines, is about to set a pilot plant going to see how the ore reacts to large scale treatment, and is moving forward on securing the necessary permits to start mining. That all adds up to a busy autumn for the company, and one in which there ought to be newsflow aplenty.

That 65,000 metres of drilling will generate a huge amount of information for the company, and will be at the heart of what happens during the rest of the year. "Everything stems from the resource update", says Jonathan Beardsworth. Quite when we'll hear from Metals Ex on that score isn't yet clear, though, as the company may well issue an update on progress sometime before the full drill programme is complete. "I'd like to have one out now, but we're drilling so fast it's very difficult", adds Jonathan. Indeed such a rate of work is unprecedented for Metals Exploration. Up until the current programme began at the start of the year, the company had completed a total of 32,000 metres, and that had taken four years.

The current programme will more than triple that total, and by the end of it Metals Exploration should be in a position to go to the banks with a full bankable feasibility study under its belt. More precisely, the aim is to move around three quarters of the currently booked two million ounces of gold and 34 million pounds of molybdenum at Runruno into the measured and indicated categories. That will allow the banks a fair degree of confidence when it comes to putting together the financial models that they will use to justify lending a possible US\$200 million or more to the company in order to get the mine built.

Jonathan's optimistic that this won't prove too much of a stumbling block. "There's a fair degree of confidence inside the company", he says, and not just regarding the resource upgrades that are on the way. On the financial side, too, ever since property mogul Chris Candy took an interest, the company's looked a lot more secure. Mr Candy's Solomon Capital now owns just over 44 per cent of Metals Exploration. That's a hefty slice of the company for the other shareholders to have given up, but on the other hand, what price financial security in these markets?

The £11.5 million that Mr Candy put into Metals Exploration will see it through the bankable feasibility stage with some left over to spare, which means that though everyone concerned would like to see a financing deal closed quickly once the study comes in, the company won't be under any immediate pressure and will be able to hold out for decent terms.

More interesting is that before Mr Candy took out his increased stake in Metals Exploration he did his own research to see if the banks were likely to come up with the funding if it was asked for. That was some months ago now, at a time when markets were a lot wobblier than they are just at the minute, but the overwhelmingly positive response he got was enough to convince him that it was worth parting with millions of his own hard-earned with a view to building a mine.

Maybe it was the combination of Metals Exploration plus Chris Candy that the banks liked, because on the other side of the funding fence, on the equity markets, Metals Exploration had been getting precious little support in its own right. Before Chris Candy joined the party, the shares had sunk to as low as 6p. Solomon bought in at 7p, and the shares are now back up to where they were a year ago, at 16p.

And so the world turns. "It's all about levels of confidence", comments Jonathan Beardsworth, and although his own confidence never seems to have wavered, it's hardly surprising that some of his investors have felt jumpy over the past 12 months or so. Now, though, the wheels are in motion, and even if there are myriad hurdles still to be jumped, there is at least a clear route to production. Jonathan Beardsworth even felt confident enough recently to snatch a few days holiday. Now that he's back serious work on a possible financing deal can get underway.

**For more articles like this, register for FREE at [www.minesite.com](http://www.minesite.com)**