Contents

Chairman's Statement

I am pleased to present this Interim Report for the six month period ended 30 June 2010.

Offer by Solomon

As shareholders will already be aware, a cash offer of 13 pence per share for the entire issued and to be issued share capital of the Company was made on 20 August 2010 by our major shareholder, Solomon. Full details of the Offer are contained within the Offer Document and the supporting documents, all of which are available on the Metals Exploration website at www.metalsexploration.com/solomon-offer.

On 6 September 2010, Solomon announced that the acceptance condition of the Offer had been satisfied. As the acceptance condition was the only condition, the Offer was declared wholly unconditional.

Further, on 17 September 2010, it was announced that the Independent Director, Jonathan Beardsworth had been informed that certain independent shareholders had made a written submission to the Takeover Panel expressing concerns that a concert party comprising, amongst others, Solomon and Reef Securities Limited was in existence at the time of the subscription by Solomon for ordinary shares in the Company in January 2009 and/or in May and July 2009 and that these subscriptions were in breach of Rule 9 of The Takeover Code. The full statement is available on the Company website within the Company News area: www.metalsexploration.com/company-news.

If the Panel were to rule that a breach of Rule 9 had occurred at any of these times, a mandatory bid obligation may be triggered at a price higher than 13 pence per share, the current Offer price. Pending the outcome of this review, which may take some time to resolve, the Panel has required of Solomon that it makes no purchases in the market of Metals Exploration shares (save for in relation to valid acceptances of the Offer) and that the Offer shall remain open for acceptance until further notice. This remains the current status.

On 27 September 2010, Solomon announced that as at 1.00 p.m. on 24 September 2010, the total number of Metals Exploration Shares held by Solomon and persons acting in concert with it, together with those in respect of which valid acceptances of the Offer had been received, was 173,056,303 Metals Exploration shares, representing approximately 64.16 per cent. of the issued share capital.

Solomon £2 million Loan Facility

On 19 August 2010 the Company entered into an on demand facilities agreement with Solomon for an amount of £2 million, details of which are contained in the announcement of the Offer on 20 August 2010 and in the Offer Document.

Suspension of Trading of the Company's Shares on AIM

Trading in the Company's shares on AIM was temporarily suspended on 1 October 2010. The suspension was due to the Company being unable to publish its Interim Results for the six months ended 30 June 2010 by 30 September 2010 in accordance with the AIM Rules for Companies as a result of uncertainty over the Company's future funding position. With the publication of these interim results, the suspension of the shares from trading on AIM is expected to be lifted with effect from 7.30 a.m. on 16 November 2010

Shelfco 724 Limited ("Shelfco") £13 million Convertible Loan Facility and Restoration of Trading on AIM

On 12 November 2010 the Company entered into a convertible facility agreement with Shelfco, a related company of Solomon, for an amount of £13 million (the "Facility").

The Facility provides sufficient funds for the Company to discharge the existing £2 million loan facility from Solomon and for the Directors to be satisfied that the Company is a going concern in relation to the interim accounts for the six month period ended 30 June 2010.

The Facility provides that 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 13 pence per share.

Executive Management Change

Following the Offer being declared unconditional, Jonathan Beardsworth stepped down as Managing Director of the Company effective from 27 October 2010. This was contemplated in paragraph 9 of his Independent Director's letter contained in the Offer document. Mr. Beardsworth has agreed to continue to sit on the Board as an Independent Non-Executive Director. At this time it is not intended that Mr. Beardsworth be replaced in his executive capacity.

Operations

In the eight months since my last report the Company has continued to make good progress on the ground, with the award of the Environmental Compliance Certificate ("ECC") for the Runruno project, the completion of the Feasibility Study and the award of various other registrations and approvals required to move the project forward to a "developable status".

In March the ECC was signed by the Acting Secretary of the Department of Environment and Natural Resources, after a positive review of the application, certifying that the proposed project will not cause significant negative environmental impact. The ECC was only issued after satisfactory evaluation of the project's Environmental Impact Statement ("EIS") by the Philippine Environmental Management Bureau, and it should be noted that under the ECC the Company is committed to implement measures presented in the EIS to protect and mitigate against any adverse impacts on the health and welfare of the community and the environment.

The process was conducted with the full participation and involvement of the local community. Securing the ECC was a significant milestone following the award of the Financial or Technical Assistance Agreement in October 2009, demonstrating continued support from the Philippine Government for the development of the Runruno project.

In early May the Company announced the completion of the Feasibility Study, based on a mineable reserve prepared by Mining Associates with an open pit mining operation and biological leaching using the proven BIOX® process combined with conventional carbon in leach treatment to recover gold to doré bullion and molybdenum to a saleable molybdenum product. The Study confirmed the viability of the Runruno project, forecasting average production of 96,700 ounces of gold per annum over a mine life of 10.4 years. The capital cost is forecast to be US$149.3 million (providing payback within 3.5 years at a US$1,000 gold price) with an ungeared, post-tax IRR of 20%. The average forecast operating cost sits below the mid-point of the current gold cost curve at $477 per ounce of gold. In addition, the Company was able to declare a Proven and Probable Mining Reserve of 780,000 ounces of gold for the first time.

In August 2010 the Company commenced a programme of work to advance the Runruno project towards a "developable status". This work includes in-fill drilling within the identified pit boundary, supplementary metallurgical test work for design purposes, additional molybdenum recovery test work, detailed geotechnical assessment of ground conditions, engineering design work, permitting, securing the Declaration of Mine Feasibility (DMF), land access negotiations, establishment of the detailed project development schedule and cost estimate, and preparation of early site establishment contracts. The programme, including the drilling of an additional 13,400m of diamond core and RC holes to convert additional of the in pit geological resource into reserve status, is advancing well and will be reported as appropriate.

In parallel a 2,000m programme of exploratory diamond drilling has been completed to assess a structure considered to be potential for molybdenum and gold mineralisation in an area identified as a future waste dump. This work has satisfactorily sterilized the area for use as a waste dump.

At the completion of the in-pit drilling programme step out drilling from the northern and southern boundaries of the proposed pit will be undertaken to test zones of gold mineralisation recently identified by the in-pit work.

I am looking forward to a productive six month period as we ready the Runruno project for a "sanction to develop".

I R Holzberger

Executive Chairman

Consolidated statement of total comprehensive income

	Note	*6 month period ended 30 June 2010 (unaudited)* £	*6 month period ended 30 June 2009 (unaudited)* £	*year ended 31 December 2009 (audited)* £
Continuing Operations				
Revenue		–	–	–
Cost of sales		–	–	–
Gross loss		–	–	–
Administrative expenses		(1,661,852)	(1,807,547)	(4,319,534)
Analysed as follows:				
Foreign exchange gains/(losses)	3	165,534	(75,222)	(96,760)
Other administrative expenses		(1,827,387)	(1,732,325)	(4,222,774)
Total administrative expenses		(1,661,853)	(1,807,547)	(4,319,534)
Operating loss		(1,661,853)	(1,807,547)	(4,319,534)
Finance income		37,711	3,057	215,257
Finance costs		(90,855)	(99,346)	(191,932)
Loss before taxation		(1,714,997)	(1,903,836)	(4,296,209)
Taxation		–	–	–
Loss for the period		(1,714,997)	(1,903,836)	(4,296,209)
Other comprehensive income:				
Exchange differences on translating foreign operations		281,120	(858,024)	487,479
Total comprehensive (loss) for the period		(1,433,877)	(2,761,860)	(3,808,730)
Loss for the period attributable to:				
Equity holders of the parent		(1,620, 536)	(1,810,288)	(4,049,549)
Non-controlling interests		(94,461)	(93,548)	(246,660)
		(1,714,997)	(1,903,836)	(4,296,209)
Total comprehensive (loss) attributable to:				
Equity holders of the parent		(1,379,738)	(2,577,999)	(3,639,617)
Non-controlling interests		(54,139)	(183,861)	(169,113)
		(1,433,877)	(2,761,860)	(3,808,730)
Loss per share:				
Basic and diluted	4	(0.60)p	(1.04)p	(1.87)p

Consolidated interim balance sheet

	As at 30 June 2010 (unaudited)	*As at 30 June 2009 (unaudited)*	*As at 31 December 2009 (audited)*
	£	*£*	*£*
Non-current assets			
Property, plant and equipment	1,080,260	1,175,384	1,211,672
Goodwill	1,010,816	1,010,816	1,010,816
Other intangible assets	21,496,952	13,194,077	18,798,427
Investments designated at fair value through profit and loss	-	334,378	-
Trade and other receivables	626,902	456,852	541,007
	24,214,930	16,171,507	21,561,922
Current assets			
Investments designated at fair value through profit and loss	-	-	405,396
Trade and other receivables	274,198	498,203	2,142,112
Cash and cash equivalents	1,584,625	5,643,226	3,403,812
	1,858,823	6,141,429	5,951,320
Current liabilities			
Trade and other payables	(598,428)	(584,122)	(755,730)
	(598,428)	(584,122)	(755,730)
Net current assets	1,260,395	5,557,307	5,195,590
Non-current liabilities			
Long-term borrowings	(2,000,000)	(2,000,000)	(2,000,000)
	(2,000,000)	(2,000,000)	(2,000,000)
Net assets	23,475,325	19,728,814	24,757,512
Equity			
Share capital	2,697,163	2,150,724	2,697,163
Share premium account	28,783,007	23,414,449	28,783,007
Shares to be issued reserve	2,871,366	2,559,105	2,719,676
Translation reserve	3,398,756	1,980,315	3,157,958
Profit and loss account	(14,600,179)	(10,740,382)	(12,979,643)
Equity attributable to equity holders of the parent	23,150,113	19,364,211	24,378,161
Non-controlling interests	325,212	364,603	379,351
Total Equity	23,475,325	19,728,814	24,757,512

Consolidated interim statement of changes in equity

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Translation reserve*	*Minority interest*	*Profit and loss account*	*Total equity*
	£	£	£	£	£	£	£
Balance as at 1 January 2009	1,122,838	15,503,969	2,287,969	2,748,026	548,464	(8,930,094)	13,281,172
Loss for the period	-	-	-	-	(93,548)	(1,810,288)	(1,903,836)
Other comprehensive loss	-	-	-	(767,711)	(90,313)	-	(858,024)
Total comprehensive loss for the period	-	-	-	(767,711)	(183,861)	(1,810,288)	(2,761,860)
Movement in share based payments	-	-	271,136	-	-	-	271,136
Issue of equity share capital	1,027,886	8,415,489	-	-	-	-	9,443,375
Share issue expenses	-	(505,009)	-	-	-	-	(505,009)
Balance as at 30 June 2009 (unaudited)	2,150,724	23,414,449	2,559,105	1,980,315	364,603	(10,740,382)	19,728,814

Consolidated interim statement of changes in equity (continued)

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Translation reserve*	*Minority interest*	*Profit and loss account*	*Total equity*
	£	£	£	£	£	£	£
Balance as at 1 July 2009	2,150,724	23,414,449	2,559,105	1,980,315	364,603	(10,740,382)	19,728,814
Loss for the period	-	-	-	-	(153,112)	(2,239,261)	(2,392,373)
Other comprehensive income	-	-	-	1,177,643	167,860	-	1,345,503
Total comprehensive income/(loss) for the period	-	-	-	1,177,643	14,748	(2,239,261)	(1,046,870)
Movement in share based payments	-	-	160,571	-	-	-	160,571
Issue of equity share capital	546,439	5,716,616	-	-	-	-	6,263,055
Share issue expenses	-	(348,058)	-	-	-	-	(348,058)
Balance as at 31 December 2009 (audited)	2,697,163	28,783,007	2,719,676	3,157,958	379,351	(12,979,643)	24,757,512

Consolidated interim statement of changes in equity (continued)

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Translation reserve*	*Minority interest*	*Profit and loss account*	*Total equity*
	£	£	£	£	£	£	£
Balance as at 1 January 2010	2,697,163	28,783,007	2,719,676	3,157,958	379,351	(12,979,643)	24,757,512
Loss for the period	-	-	-	-	(94,461)	(1,620,536)	(1,714,997)
Other comprehensive income	-	-	-	240,798	40,322	-	281,120
Total comprehensive income/(loss) for the period	-	-	-	240,798	(54,139)	(1,620,536)	(1,433,877)
Movement in share based payments	-	-	151,690	-	-	-	151,690
Balance as at 30 June 2010 (unaudited)	2,697,163	28,783,007	2,871,366	3,398,756	325,212	(14,600,179)	23,475,325

Consolidated interim cash flow statement

	6 month period ended 30 June 2010 (unaudited)	*6 month period ended 30 June 2009 (unaudited)*	*year ended 31 December 2009 (audited)*
Operating activities	£	£	£
Loss after taxation	(1,714,997)	(1,903,836)	(4,296,209)
Depreciation	175,317	148,040	345,028
Amortisation	10,097	8,349	62,534
Revaluation of investment designated at fair value through (profit) and loss	(37,357)	(133,159)	(204,177)
Share based payment expense	151,690	271,136	431,707
Net interest payable	90,501	96,287	180,853
Decrease/(increase) in receivables	1,782,018	(258,499)	(1,986,561)
(Decrease)/increase in payables	(157,301)	275,327	446,934
Foreign exchange differences	276,873	504,180	918,850
Cash used in operations	576,841	(992,175)	(4,101,041)
Interest received	354	3,057	11,080
Interest paid	(90,855)	(99,346)	(191,932)
Net cash generated/(used) in operating activities	486,340	(1,088,464)	(4,281,893)
Investing activities			
Purchase of intangible assets	(2,431,264)	(2,782,520)	(7,594,968)
Purchase of property, plant and equipment	(30,477)	(115,739)	(278,234)
Proceeds from sale of investment designated at fair value through profit and loss	442,753	-	-
Proceeds from sale of property, plant and equipment	-	-	30,571
Net cash used in investing activities	(2,018,988)	(2,898,259)	(7,842,631)
Financing activities			
Proceeds from issue of share capital	-	8,938,366	14,853,363
Net cash from financing activities	-	8,938,366	14,853,363
Net (decrease)/increase in cash and cash equivalents	(1,532,648)	4,951,643	2,728,841
Cash and cash equivalents at beginning of period	3,403,812	731,313	731,313
Foreign exchange differences	(286,539)	(39,730)	(56,342)
Cash and cash equivalents at end of period	1,584,625	5,643,226	3,403,812

Notes to the consolidated interim financial statements

1 General information

Metals Exploration plc is the parent company of the Group. Its shares are listed on the AIM market of the London Stock Exchange. The registered address of Metals Exploration plc is 200 Strand, London, WC2R 1DJ.

These consolidated interim financial statements were approved by the Board of Directors on 15 November 2010.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory accounts for the year ended 31 December 2009 which were prepared under International Financial Reporting Standards ("IFRS") as adopted for use in the European Union, were filed with the Registrar of Companies. The auditors reported on these accounts, their report was unqualified and did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and, did not contain any statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

2 Basis of preparation

These consolidated interim financial statements are for the six month period ended 30 June 2010. They have been prepared in accordance with IFRS as adopted for use in the European Union with the exception of IAS 34: Interim Financial Reporting. IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Board of Directors expect to be applicable as at 31 December 2010.

These financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

Notes to the consolidated interim financial statements (continued)

3 Foreign exchange gains and losses

Foreign exchange gains and losses on intercompany balances between the Company and its subsidiaries are taken to the translation reserve within equity on consolidation.

4 Loss per share

The loss per share was calculated on the basis of net loss attributable to equity shareholders divided by the weighted average number of ordinary shares.

	6 month period ended 30 June 2010 (unaudited)	*6 month period ended 30 June 2009 (unaudited)*	*year ended 31 December 2009 (audited)*
	£	*£*	*£*
Loss			
Net loss attributable to equity shareholders for the purpose of basic and diluted loss per share	(1,620,536)	(1,810,288)	(4,049,549)
Number of shares			
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	269,716,344	173,368,944	216,822,635
Basic and diluted loss per share	(0.60)p	(1.04)p	(1.87)p

The basic and diluted loss per share is the same, as the exercise of share options and warrants would reduce the loss per share and therefore, are anti-dilutive.