



METALS EXPLORATION PLC

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

Metals Exploration plc (AIM: MTL) (“Metals Ex” or “the Company”), the natural resources exploration and development company with assets in the Pacific Rim region, is pleased to announce its final results for the year ended 31 December 2009.

Highlights:

In the year ended 31 December 2009:

- £12m raised in a two-stage placing from new and existing shareholders, allowing:
 - completion of BFS without further funding
 - existing debt facility to be cancelled
 - step-out drilling outside current project area
- Major shareholder Solomon Capital increased its interest in the Company from 29.9% to 44.1% following regulatory and shareholder approval
- The Exploration Permit for the Runruno project was successfully converted into a Financial and Technical Assistance Agreement in October 2009
- FCF Minerals, the subsidiary which operates the Runruno project, received the Best Community Development Initiative Award at the Asia Mining Congress in Singapore
- Updated resource estimate prepared by Mining Associates Pty Ltd as part of the Runruno Feasibility Study confirms a JORC-compliant resource of 1.42Moz of gold and 25.6Mlb of molybdenum
- Step-out drilling intersects gold and high grade molybdenum. Style of mineralisation is directly analogous to the Runruno deposit

Post 31 December 2009:

- Results of Feasibility Study confirm the viability of a project producing an average of 96,700oz of gold per annum over a mine life of 10.4 years, with an average forecast operating cost \$477/oz gold not including potential molybdenum credits
- Runruno project capital cost is forecast to be US\$149.3m with an IRR of 20% at \$1,000/oz gold (ungeared and after tax)
- Company confirms an independently verified Proven & Probable Mining Reserve consisting of 780,000oz gold
- Environmental Compliance Certificate awarded in March 2010

CHAIRMAN'S STATEMENT

I am pleased to present this Annual Report for the financial year ended 31 December 2009.

The timing of this Report is auspicious, as shareholders will be aware that the Company has recently announced the significant milestone of completing a full feasibility study on the Runruno project. This is an important and material achievement – in the heady excitement of exploration it is often forgotten that very few discoveries actually make it into production, and yet the Company is now in possession of a study, validated by independent experts, into all the aspects required to build a mine. The study demonstrates the technical and commercial viability of a mine at Runruno producing approximately 100,000 ounces of gold per year and contains a level of detail sufficient to allow banks to make lending commitments.

We have also made notable progress with permitting, which has materially enhanced the legal security of the Company and its assets. In October last year we were able to announce that the Company had been granted a Financial or Technical Assistance Agreement (“FTAA”) by the Philippine Government. The FTAA is effectively the mining permit which sets out the legal and regulatory framework under which we can operate. It secures our title to Runruno for 25 years, extendable for a further 25 years, and provides for a stable and transparent investment and fiscal regime. Only three other international mining companies have been granted an FTAA in the Philippines to date.

Earlier this year we received notice from the Department of the Environment and Natural Resources (“DENR”) that we have been granted an Environmental Compliance Certificate (“ECC”) for Runruno. The FTAA and ECC are the two key permits we need to allow us to move into development and production, and the seamless way that each progressed through its respective approvals process is a credit to the level of Government support and encouragement for mining in the Philippines.

We continue to work closely with the local communities amongst whom we operate and are involved in a variety of health, education, nutrition, skills development and infrastructure projects, as well as providing direct employment for a substantial number of the families in our immediate area.

In previous reports we have noted our pride and pleasure in our community efforts being recognised by the Mining Journal's “Outstanding Achievement Award”, the Kabalikat “Skills Development Award”, the Presidential “Mineral Industry Environment Award” and “Mining Forest Award”.

To these we are pleased to add the Asia Mining “Community Development Initiative Award” which was presented to our Dr. Ernesto Mendoza at the Asia Mining Conference in Singapore last year by Mr. William Bulmer, Head of the Mining Division of the International Finance Corporation (“IFC”) of the World Bank. The award was for a community development programme that provided training and employment for 640 school leavers in the province of Nueva Viscaya where Runruno is located. The Director General of the Philippine Technical Education and Skills Development Authority (“TESDA”) said that “the award is a concrete manifestation of best practice that should be emulated and replicated by all TESDA field offices throughout the Philippines”.

None of the progress made this year would have been possible had we not been adequately funded, and we acknowledge shareholders' continuing support. In particular we acknowledge the support and commitment shown by Christian Candy who, through Solomon Capital, invested £11.5m of his personal funds into the Company through the year, allowing us to reach the stage we are at today. Chris' enthusiasm for the Company is infectious, and it is largely through his continued support and commitment that we are able to approach future financing challenges with a degree of equanimity.

For all our undoubted successes in the year, it would be misleading to suggest that everything has been plain sailing. There is no disguising that the resource announcement in November 2009 was disappointing. In part this reflects the risks inherent in exploration, and perhaps also helps explain why the attrition rate between discovery and production is so high. It is a credit to the overall robustness of the

orebody at Runruno that we have still been able to demonstrate a viable and economic development project which could produce around 100,000 ounces of gold per year.

Equally, none of the progress made this year would have been possible without the dedication and loyalty of our officers and employees who have worked so hard in pursuit of Company objectives. Recognition is due also to the contractors and external agencies that have contributed to the Feasibility Study, and extended themselves to meet the demanding targets set. I am most grateful to them all for their commitment.

As is to be expected in a company making the transition from exploration to development there have been arrivals and departures in personnel at all levels. At Board level Tim Wheeler (Finance Director), Gary Powell (Technical Director) and Jonathan Pearson (Non-Executive Director) have all moved on, and we are grateful for their various contributions while in post. Gary Powell, in particular, was a founding member of the Company and part of the team which first identified and established the potential at Runruno. We wish him, Tim and Jonathan, the very best in their future endeavours.

With the Company now in the post-feasibility stage one of our key priorities is to restructure the Board to reflect the new challenges ahead.

Looking forward, there are two key elements in our strategy. First, we will continue moving Runruno towards production. This will involve recruiting a team with appropriate skills and experience, and reviewing the various financing options available. Second, and with the resources now available to us with the completion of the Feasibility Study, we intend to demonstrate the additional potential within the unexplored area of the volcanogenic system at Runruno, all of which is within our permit area, and which we have all always believed to be the case. To that end a programme of step-out drilling is already underway.

I look forward to the coming year with considerable confidence and enthusiasm.

I R Holzberger

Executive Chairman

14 May 2010

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MANAGING DIRECTOR'S REVIEW

The period from 1 January 2009 has been a largely positive one for the Group. Development on the Runruno project continued despite the turmoil within the global economy, reaching the significant milestone of the completion of the Definitive Feasibility Study on 4 May 2010. The Company has also secured the two major permits required for the operation of a mining project in the Philippines – the FTAA and the ECC. During the year we raised over £15m through two placings supported by our major shareholder Solomon Capital, as well as other existing shareholders.

In January 2009 Solomon Capital secured a 29.9% shareholding through their participation in a placing which raised £3.7m, and allowed the Company to commit to the Definitive Feasibility Study despite the prevailing economic conditions. Following regulatory approval relating to certain obligations of Solomon Capital Limited under Rule 9 of the City Code on Takeovers and Mergers, and shareholder approval at an EGM in July 2009, Solomon Capital was able to increase its shareholding to 44.1% through participation in a further two stage placing completed in September 2009. The debt facility arranged in January 2009 with Shelfco 725 (a sister company of Solomon Capital) was terminated in May 2009 following the arrangement of this fundraising.

With the completion of the Definitive Feasibility Study we look forward to continuing to create value for shareholders by advancing the Runruno project through development and continuing with the step out drilling.

Runruno Resource Development & Resource Estimate

In July 2009 Mining Associates Pty Ltd was commissioned by the Company to prepare an independent technical report on the Runruno project in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and the Canadian NI 43-101 standards.

In their report Mining Associates ("MA") noted that "sample protocol, including sample methods, preparation, analysis and data verification have been conducted in accordance with JORC Code requirements with appropriate quality assurance/quality control procedures in place since the inception of (the Company's) work in 2005. MA is impressed with the high level of professionalism with which the field programmes are organized and executed, being to international best practice standards".

In the report Mining Associates made a number of technical recommendations which the Company has implemented relating to the possible under-reporting of molybdenum assays by the laboratories, more detailed interpretation of the underlying geology, mineralisation, alteration and major structures, and geostatistical analysis of sample data.

As a result of these recommendations in September 2009 the Company contracted Mining Associates to generate a full resource estimate from all the drilling completed by the Company to date, including the 32,000 metres drilled prior to the commencement of the 65,000 metre programme for 2009, using geostatistical methods.

In November 2009 the Company released a new resource statement for the Runruno project. This reinterpretation resulted in an overall decrease in the amount of contained gold from 2.0Moz to 1.5Moz while the number of Measured ounces within the resource more than doubled to 560,000oz of gold. At this time the combined Measured and Indicated resource contained 850,000oz of gold, comprising 57% of the total resource.

Runruno Resource Estimate – November 2009

Resource Category	Million tonnes	Gold (Au)		Molybdenum (Mo) ¹	
		g/t	Oz (thousand)	ppm	Lb (Million)
Measured	9.1	1.92	560	650	13.0
Indicated	5.0	1.81	290	425	4.7
Inferred	10.4	1.94	650	335	7.7
Total	24.5	1.91	1,500	470	25.4

Runruno Resource & Reserve Estimate – May 2010

For the first time the Company has been able to announce a Proven and Probable mining reserve. It was prepared by Mining Associates from the current mineral resource estimate summarised below. This resource estimate was updated in April 2010 to include all drill holes completed and assays returned by the end of February 2010, comprising 741 drill holes for a total of 104,718 metres. The combined Measured and Indicated resource containing 900,000oz gold now comprises 63% of the total resource.

In addition to the 2P reserves the Company has included a further 5.5 Mt @ 1.81 g/t Au; 0.034% Mo of inferred mineral resource in the mine schedule after applying the same mining parameters inclusive of dilution and mine recovery used in estimating the mining reserve.

Reserve Category	Ore	Gold		Molybdenum	
	Mt	g/t	M Oz	ppm	M lbs
Proven	8.7	1.94	0.54	657	12.6
Probable	3.9	1.89	0.24	406	3.5
2P Reserves	12.6	1.93	0.78	579	16.1
Additional Inferred Resource in-pit	5.5	1.81	0.32	338	4.1

Resource Category	Ore	Gold		Molybdenum	
	Mt	g/t	M Oz	ppm	M lbs
Measured	9.9	1.89	0.60	626	13.7
Indicated	5.4	1.74	0.30	387	4.6
Inferred	10.0	1.59	0.51	327	7.2

¹ A consistent laboratory bias which under reports molybdenum assay standards by about 20% is recognised by FCF Minerals Corp. Definitive assays will be determined in the feasibility study.

Total	25.4	1.74	1.42	457	25.6
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Resource Potential

The Company has always believed that there is significant potential to expand the resource at Runruno. Similarities with the Cripple Creek gold mine complex in Colorado were explored in detail by Dr. Eric Jensen Ph.D during a site visit in early 2008 and reinforced by Mining Associates in their report of 24 July 2009 that "recent and historical exploration has demonstrated that the mineralized systems within the tenement are prospective for the discovery of additional gold mineralization of a similar nature to that at the current Runruno deposit at other locations within the overall system", and noted that they "fully agree" with the similar conclusions of Dr. Jensen.

In December 2009 the results from three diamond drill-holes drilled 700 metres south east of the most southerly known mineralisation were released. These holes were drilled from a common collar and intersected a broad, flat westerly dipping zone of alteration hosting anomalous gold and high grade molybdenum mineralisation in discrete lenses.

Selected intersections from holes TUD 001, 002 and 003

Hole ID	Northing*(m)	Easting*(m)	RL*(m)	Dip	Bearin g*	From (m)	To (m)	Interval (m)	Au g/t	Mo ppm
TUD001	-100	1,150	530	-60°	270°	122.8	123.8	1	0.63	6,070
						157	160	3	0.46	338
						170.8	172.4	1.6	0.83	2,238
						175	181	6.3	0.5	1,285
TUD002	-100	1,150	530	-90°	0°	145	153	8	0.23	1,478
						168	175	7	0.18	1,093
TUD003	-100	1,150	530	-60°	090°	6.5	7.3	0.8	0.24	1,824
						102	105	3	0.01	670
						153	159	6	0.23	271

The style of mineralisation appears to be directly analogous to the main Runruno deposit. The mineralisation shows a further similarity in that it is closely related to a north striking fault structure running parallel to the Mallilibeg fault which is believed to be a significant controlling feature for the Runruno deposit. The fault structure has now been traced in excess of 2,000 metres north of the holes, parallel to the Mallilibeg fault, leading to the possibility that Runruno style mineralisation might be repeated along this newly discovered fault.

Feasibility Study

Following the positive conclusion of the Scoping Study completed in November 2008 the Company moved directly into a Definitive Feasibility Study. This reported on 4 May 2010 and confirmed the viability of a project producing an average of 96,700oz of gold per annum over a mine life of 10.4 years, with an average forecast operating cost of \$477/oz gold before any molybdenum credits. The capital cost is forecast to be US\$149.3m, giving payback within 3.5 years at US\$1,000/oz gold and producing an ungeared, post-tax project IRR of 20% at \$1,000/oz gold.

The Feasibility Study was project managed by the Company, with all material components undertaken by independent external consultants including Mining Associates (resource and mining), Goldfields and SGS (metallurgical and testwork), Lycopodium (process engineering), Leighton (constructability and capital cost review), GHD (tailings storage facility, detailed pit design, mine schedule), Aboitiz (power supply), AECOM (roads, environment and permitting) and SGV (taxation).

The study was 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.

Key Project Fundamentals

A summary of the key project fundamentals is presented below:

<i>Description</i>	<i>Item</i>
Capital Cost	US\$149.3m
Average Mining Rate	12.2 Mtpa
Average Operational Strip Ratio	5.9:1
Design Milling Rate	1.75 Mtpa
Average Gold Grade	1.89 g/t
Gold Recovery	91.9%
Average Gold Production	96,700 ozs/yr
LOM Gold Production	1,006,000 ozs
Average Operating Cost	US\$46.2m/yr
LOM Operating Cost	US\$477 /oz Gold

Project Economics

The Company's technical and financial model has been sent to an external consultant for audit. The Company's internal IRR and NPV results (ungeared, after tax) are as follows:

Discount Rate	US\$900 Gold	US\$1,000 Gold	US\$1,100 Gold
0%	US\$155m	US\$210m	US\$256m
5%	US\$80m	US\$120m	US\$154m
10%	US\$34m	US\$64m	US\$89m
IRR	16%	20%	24%

These results will be developed further as financing options are explored, with the value to shareholders being potentially enhanced by the effects of gearing. The average effective life of mine tax rate under the FTAA is approximately 33%.

Further details on the results of the Feasibility Study are presented in the announcement dated 4 May 2010, available on the Company website; www.metalexploration.com.

Permitting

Financial or Technical Assistance Agreement

Until October 2009 the Runruno project was held under an Exploration Permit ("EP"). In early 2008 application was made to convert the EP into a Financial or Technical Assistance Agreement. Under the 1995 Philippine Mining Act the FTAA system provides a stable investment regime for the future development of the Runruno project. Since then the application 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.

In October 2009 the FTAA was signed by Executive Secretary Eduardo Ermita on the authority of the President.

Under the FTAA, FCF Minerals Corporation (“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 US\$50m in project development, much of which will be spent on local infrastructure benefiting local communities. In addition, the FTAA 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.

Environmental Compliance Certificate

In March 2010 the Company announced the award of the Environmental Compliance Certificate for the Runruno project. The ECC is a document issued jointly by the DENR and the Environmental Management Bureau (“EMB”) after a positive review of an ECC application, certifying that the proposed project will not cause significant negative environmental impact.

The ECC also certifies that the project has complied with all the requirements of the Philippine Environmental Impact Statement (“EIS”) System and that the Company has committed to implement its approved Environmental Management Plan. The EIS System is concerned primarily with assessing the direct and indirect impacts of a project on the biophysical and human environment and ensuring that these impacts are addressed by appropriate environmental protection and enhancement measures. Under the ECC the Company has committed to undertake the measures presented in the Environmental Impact Statement to protect and mitigate against any adverse impacts on the health and welfare of community and on the environment.

The ECC and EIS process was conducted with the full participation and involvement of the local community – under the regulations for the Philippine EIS System, project sponsors are encouraged to “initiate public consultations early in order to ensure that environmentally relevant concerns of stakeholders are taken into consideration in the study and the formulation of the management plan”. Consequently, in March 2009 a public scoping meeting was held where information about the project was presented to various stakeholders, and any concerns were noted. An explanation of the process was also covered, and the active involvement of the local community was encouraged throughout the process.

The social acceptability of a project is a result of “meaningful public participation”, which is defined as an “open, transparent, gender-sensitive, and community-based process aimed at ensuring the social acceptability of a project or undertaking, involving the broadest range of stakeholders”. The recommendation that the ECC be issued was only received after a thorough review by the Environmental Impact Assessment Review Committee. This was followed by an endorsement by the EMB Director for final review and approval by the DENR Secretary.

Securing the FTAA and ECC are both very significant milestones for the Company. This progress demonstrates continued support from the Philippine Government for the project and confirms that the permitting and regulatory process in the Philippines is effective, and that the Company is able to operate effectively within it.

Environment & Community Relations

The Company follows the World Bank Guidelines and the Equator Principles in all aspects of its environmental and community related work.

The Group supports and makes donations to the Runruno Livelihood Foundation, a nonprofit organisation with a well staffed community relations group which works closely with the local communities and to instigate sustainable health, life and business development programmes to the benefit of these communities. The proposed development at Runruno is supported by all impacted local communities.

FCF was awarded the Kabalikat Award (Industry Category) for Region 2, by the Technical Education and Skills Development Authority, for its outstanding role played in technical educational and skills development.

The Kabalikat Award is TESDA's annual institutional award recognising the promotion and enhancement of technical education and skills development. The award is conferred to outstanding local government units, institutions and companies for their contribution in the promotion and development of the country's middle level manpower in terms of skills, abilities, work attitude, values and best practices.

FCF was awarded the Presidential Mineral Industry Environment Award Platinum Award in the “Exploration” category in recognition of its exemplary performance in environmental management. The purpose of the award is to recognise outstanding levels of dedication, initiative and innovation in the pursuit of excellence in environmental management.

FCF was also the runner up at the Philippine annual Mine Safety and Environment Conference in this year's nationwide “Best Mining Forest Contest” for its Mining Forest Programme.

In March, FCF was awarded the Best Community Development Initiative Award at the Asia Mining Congress in Singapore. The award was presented by William Bulmer, Head of the Mining Division for the International Finance Corporation of the World Bank Group, to Dr. Ernesto Mendoza, Senior Vice President of FCF. To date the FCF community development program has provided training to and assisted in the employment of 640 Out-of-School-Youths (“OSY”) from the province of Nueva Viscaya in the northern Philippines where the Company's Runruno project is located. The OSY Skills Development and Job Placement Program started with a pilot project in the village of Runruno, jointly implemented by FCF and TESDA, the Philippine government agency responsible for developing local manpower in the country.

Other Projects

In June 2008 the Company was awarded Exploration Permits covering the Dupax and Sulong prospects. The permits are located approximately 200km north of Manila in Nueva Viscaya province on Luzon Island and within 50km of Runruno.

Dupax

The Dupax project is covered by EXP-000016II encompassing two blocks totalling 8,856 hectares in area; Dupax (5,042 hectares) and Solano (3,814 hectares). The Dupax block contains a previously identified and partially mined open pit zinc-copper-gold massive sulphide deposit. Surface sampling by the Company has returned grades up to 45.7% zinc, 3.89% copper, and approximately 4 g/t gold from outcrop.

Previous work focused on defining a lens of high grade, direct shipping massive sulphide zinc-copper ore which was partially mined out by open pit methods during the 1960s and 1970s. Production records are not available. The deposit occurs as a massive sulphide body in agglomerate and disseminated sulphide in silicified sediments, predominantly underlain by marine clastics intercalated with pillow basalts and pyroclastics. This package is intruded by dykes and sills of intermediate to basic composition.

Sulong

The Sulong project is covered by EXP-000017II, encompassing an area of 6,963 hectares to the east of Solano in Nueva Viscaya province. Since the 1970s the area has been mined for manganese, which is interpreted as being the near surface oxidised portion of an extensive vein-fault system.

During the late 1990s, placer Pacific Exploration Phils. Inc. carried out stream sediment geochemistry and rock sampling of the Sulong area. Sampling of outcrops within the permit area returned assay grades of 0.64g/t gold. The area is considered prospective for gold associated with a large gold-bearing vein-fault system and porphyry copper and gold mineralisation.

Other Exploration Permit Applications

The Company has also lodged Exploration Permit Applications (“EPAs”) covering the Capaz, Puray and Worldwide projects:

Capaz:

The Capaz EPA covers some 3,564 hectares in area and is situated approximately 20km southwest of Tarlac City, Tarlac Province, approximately 100km northwest of Manila.

The Capaz EPA area had been investigated by several explorers since 1987 when an alluvial panning “gold rush” saw approximately 2,000 hand panners working in the area recovering alluvial nuggets and gold dust. It has been estimated that approximately 30kg of gold were realised from this small scale hand mining.

In 1987, West Gold Exploration Inc conducted a geochemical sampling programme over the area consisting of pan concentrate sampling of the various drainages in the area. A large area of anomalous gold values was delineated on the property.

Puray

The Puray project lies 20km to the northeast of Manila and centres around the location and extraction of gold, silver, copper and zinc. The region is rich in these minerals due to huge sulphide deposits left by ancient volcanic activity. The region has been explored and mined since the 1930s, however the work was limited in its scope until the 1970s, when more modern mining techniques began to be applied. The property is currently under application for an exploration permit.

Worldwide

The Worldwide project is located in the district of Northern Luzon, Philippines, adjoining the historic Santa Nino copper-gold producer. The permit application covers an area of approximately 5,845 hectares and is located about 10 kilometres to the northeast of Baguio City. The property is underlain by quartz diorite and andesite rock types and was previously the subject of extensive exploration for copper-gold-molybdenum porphyry mineralization during the 1970s.

Waigeo Island, Indonesia

In August 2007 the Company acquired rights to various nickel laterite properties on Waigeo Island, Indonesia. Historical drilling in the 1970s had identified nickel laterite deposits of some 35Mt at grade of 1.5% Ni, 0.13% Co and 37% Fe within the area (non-JORC compliant).

Financing

In January 2009 the Company raised £3.7m through a placing of new ordinary shares at a price of 7 pence per share. The Company also agreed terms with Shelfco 725 Limited, a sister company of Solomon Capital, for an £8m loan facility available for drawdown in tranches conditional on development milestones being met.

In May 2009, the Company announced the raising of £12m through a two stage placing to new and existing shareholders, at a price of 11.5 pence per share. As part of this process major shareholder Solomon Capital increased its interest in the Company from 29.9% to 44.1% following regulatory and shareholder approval.

Management

The Company made a number of management appointments last year in order to complete the Feasibility Study at Runruno and further appointments can be expected as we recruit staff for development and construction. Meanwhile I extend my thanks to all staff and contractors for their efforts this year.

J P B Beardsworth

Managing Director

14 May 2010

Glossary of Terms

Inferred Mineral Resource is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

Indicated Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Measured Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

**CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME for the year ended 31
DECEMBER 2009**

	<i>Year ended 31 December 2009</i>	<i>3 month period ended 31 December 2008</i>
	£	£
Continuing Operations		
Revenue	–	–
Cost of sales	–	–
	<hr/>	<hr/>
Gross loss		
Administrative expenses	(4,319,534)	(500,892)
Analysed as follows:		
Foreign exchange (losses)/gains	(96,760)	173,973
Other administrative expenses	(4,222,774)	(674,865)
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Total administrative expenses	(4,319,534)	(500,892)
	<hr/>	<hr/>
Operating loss	(4,319,534)	(500,892)
Finance income and similar items	215,257	24,450
Finance costs	(191,932)	(45,546)
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Loss before taxation	(4,296,209)	(521,988)
Taxation		
	<hr/>	<hr/>
Loss for the period	(4,296,209)	(521,988)
	<hr/>	<hr/>
Other comprehensive income:		
Exchange differences on translating foreign operations	487,479	2,605,857
	<hr/>	<hr/>
Total comprehensive (loss)/income for the period	(3,808,730)	2,083,869
	<hr/>	<hr/>
Loss for the period attributable to:		
Equity holders of the parent	(4,049,549)	(490,594)
Minority interest	(246,660)	(31,394)
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	(4,296,209)	(521,988)
	<hr/>	<hr/>
Total comprehensive (loss)/income attributable to:		
Equity holders of the parent	(3,639,617)	1,669,405
Minority interest	(169,113)	414,464
	<hr/>	<hr/>
	(3,808,730)	2,083,869
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Loss per share:		
Basic and diluted	(1.87)p	(0.44)p
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The Company has taken advantage of the exemption provided under section 408 of Companies Act 2006 not to publish its individual income statement. The loss for the year ended 31 December 2009 dealt with in the financial statements of the Company was £2,060,106 (3 month period ended 31 December 2008: £204,073). The Company made no gains or losses which would be reported in other comprehensive

income in the year ended 31 December 2009 (3 month period ended 31 December 2008: nil) and therefore the Company has not published its individual statement of total comprehensive income.

CONSOLIDATED BALANCE SHEET as at 31 DECEMBER 2009

	<i>As at 31 December 2009 £</i>	<i>As at 31 December 2008 £</i>
Non-current assets		
Property, plant and equipment	1,211,672	1,341,807
Goodwill	1,010,816	1,010,816
Other intangible assets	18,798,427	11,608,254
Investments designated at fair value through profit and loss	-	201,219
Trade and other receivables	541,007	356,230
	<u>21,561,922</u>	<u>14,518,326</u>
Current assets		
Investments designated at fair value through profit and loss	405,396	-
Trade and other receivables	2,142,112	340,328
Cash and cash equivalents	3,403,812	731,313
	<u>5,951,320</u>	<u>1,071,641</u>
Current liabilities		
Trade and other payables	(755,730)	(308,795)
	<u>(755,730)</u>	<u>(308,795)</u>
Non-current liabilities		
Long-term borrowings	(2,000,000)	(2,000,000)
	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Net assets	<u>24,757,512</u>	<u>13,281,172</u>
Equity		
Share capital	2,697,163	1,122,838
Share premium account	28,783,007	15,503,969
Shares to be issued reserve	2,719,676	2,287,969
Translation reserve	3,157,958	2,748,026
Profit and loss account	(12,979,643)	(8,930,094)
	<u>24,378,161</u>	<u>12,732,708</u>
Equity attributable to equity holders of the parent	24,378,161	12,732,708
Minority interest	379,351	548,464
	<u>24,757,512</u>	<u>13,281,172</u>

The financial statements were approved by the Board of Directors on 14 May 2010 and were signed on its behalf by:

J P B Beardsworth
Managing Director

14 May 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 DECEMBER 2009

	<i>Share capital</i>	<i>Share premium account</i>	<i>Shares to be issued reserve</i>	<i>Translation reserve</i>	<i>Minority interest</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£	£	£	£
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
Exchange differences on translating foreign operations	-	-	-	409,932	77,547	-	487,479
Loss for the year	-	-	-	-	(246,660)	(4,049,549)	(4,296,209)
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Total comprehensive income/(loss) for the year	-	-	-	409,932	(169,113)	(4,049,549)	(3,803,730)
Movement in share based payments	-	-	431,707	-	-	-	431,707
Issue of equity share capital	1,574,325	14,132,105	-	-	-	-	15,706,430
Share issue expenses	-	(853,067)	-	-	-	-	(853,067)
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Balance as at 31 December 2009	2,697,163	28,783,007	2,719,676	3,157,958	379,351	(12,979,643)	24,757,512
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Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Shares to be issued reserve; being the credit side of the entry relating to the expense recognised in the income statement for share based remuneration
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries
- Minority interest; being the net assets attributable to minority shareholders
- Profit and loss account; being the cumulative loss attributable to equity shareholders

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 DECEMBER 2009

	<i>Year ended 31 December 2009</i>	<i>3 month period ended 31 December 2008</i>
	<i>£</i>	<i>£</i>
Net cash used in operating activities	(4,281,893)	(825,447)
Investing activities		
Purchase of intangible assets	(7,594,968)	(506,778)
Purchase of property, plant and equipment	(278,234)	(228,686)
Proceeds from sale of property, plant and equipment	30,571	-
Net cash used in investing activities	<u>(7,842,631)</u>	<u>(735,464)</u>
Financing activities		
Proceeds from issue of share capital	14,853,363	-
Net cash from financing activities	<u>14,853,363</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	2,728,841	(1,560,911)
Cash and cash equivalents at beginning of period	731,313	1,955,210
Foreign exchange differences	(56,342)	337,014
Cash and cash equivalents at end of period	<u>3,403,812</u>	<u>731,313</u>

Loss per share

	<i>Year ended 31 December 2009</i>	<i>3 month period ended 31 December 2008</i>
	£	£
Loss		
Net loss attributable to equity shareholders for the purpose of basic and diluted loss per share	<u>(4,049,549)</u>	<u>(490,594)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>216,822,635</u>	<u>112,283,795</u>
Basic and diluted loss per share	<u>(1.87)p</u>	<u>(0.44)p</u>

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. 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.

Weighted average number of potential ordinary shares that are not currently dilutive	<u>26,123,946</u>	<u>26,996,154</u>
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Annual report and accounts

A copy of the annual report and accounts will be sent to shareholders shortly and will also be available from the Company's registered office, 200 Strand, London WC2R IDJ, and on the Company's website; www.metalsexploration.com. Notice of an annual general meeting of the Company to be held on 14 June 2010 will be posted together with the annual report and accounts.

Financial information

The financial information set out in this announcement does not comprise the Group's statutory accounts for the year ended 31 December 2009 or for the 3 month period ended 31 December 2008.

The financial information has been extracted from the statutory accounts of the Group for the year ended 31 December 2009 and the 3 month period ended 31 December 2008. The auditors reported on these accounts; their reports were unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The statutory accounts for the 3 month period 31 December 2008 have been delivered to the Registrar of Companies, whereas those for the year ended 31 December 2009 will be delivered to the Registrar of Companies following the Company's annual general meeting.