

Metals Exploration PLC
28 June 2005

2005-06-28 07:04:52

Metals Exploration - Puray Project purchase option

RNS Number:12320

Metals Exploration PLC

28 June 2005

METALS EXPLORATION PLC

Option to Purchase Puray Project, Philippines

HIGHLIGHTS

The Company has signed an Option to Purchase Agreement on the
Puray Project, Philippines

The Puray Project comprises 'Kuruko'-style polymetallic
copper-silver-zinc-gold mineralisation over a 6 kilometre
strike length

Underground mining during the early 1970s produced 'direct-shipping'

copper ore averaging 20% Cu, 5.75 g/t Au and 196 g/t Ag

Metals Exploration Plc (AIM-MTL) is pleased to announce the signing of an option to purchase agreement for the Puray copper-zinc-silver-gold project located in the Philippines.

The Puray Project comprises one Exploration Permit Application covering some 6,075 hectares, and is located only 28 kilometres from the city of Manila.

The Puray property has been explored and partially mined since the 1930's.

The mineralisation is polymetallic, containing high-grade and disseminated copper-zinc-silver-gold. The style of mineralisation is similar to the

'Kuroko' style of massive sulphide deposits, which have been major producers of copper, zinc, silver, gold and lead in Canada (e.g. Kidd Creek, Ontario, Canada). The high grade and commonly high precious metal content of 'Kuroko' deposits continue to make them attractive exploration targets.

The Company considers the acquisition of the Puray polymetallic project an exciting opportunity to enhance its projects portfolio and ultimately deliver increased value to the shareholders.

Geology & Mineralisation

The geology and mineralisation found within the Puray project is characterised by:

1. The mineralisation occurs at or near the contact between felsic volcanic breccia and overlying pelagic marine sediments (predominantly shales);
2. The volcanic breccia observed, directly underlying the mineralised horizon, consists predominately of rhyolitic lithic fragments;
3. The mineralised area is extensively faulted, typified by clay gouge zones with abundant pyrite;
4. Pyrite mineralisation is also associated with abundant anhydrite stockwork veinlets near to, and within the fault zones;
5. Pyrite mineralisation also occurs as banded replacements of sediments directly overlying the breccia zones;
6. Mineralised zones consist of massive, to disseminated sulphides, consisting predominantly of bornite, chalcopyrite, sphalerite and minor galena with varying amounts of silver and gold , and
7. Massive copper sulphide mineralisation occurs as two types: massive bornite, and massive chalcopyrite with pyrite

Previous Mining & Exploration

During 1969 to 1972 trenching and tunneling was carried out by Eastern Rizal Copper Corporation ("ERCC") as the main exploration method. More than 40 trenches, totaling some 820 metres, were excavated. Approximately 670 metres of tunnels were developed in areas of good mineralisation at surface. Mining of massive sulphide ore was carried out by stoping over a total length of approximately 150 metres of the tunnels.

Approximately 700 tonnes of bornite ore was mined from Tunnel £5 and Tunnel £5a, of which a 200 tonne shipment of the massive bornite was shipped directly to Japan for smelting. The grade of the shipment reportedly averaged 20% Cu, 5.75 g/t Au and 196g/t Ag. The remaining 500 tonnes of the massive bornite ore stockpile was lost in a hill-slide during a typhoon in 1972.

During the development of Tunnel £5, it was noted that a pre-existing shaft and collapsed stope was encountered. There are no apparent records from this previous period of production.

Massive chalcopyrite ore was excavated from Tunnel £15 and approximately 2,000 tonnes of ore was stockpiled with a reported average grade of greater than 10% copper. This stockpile was also lost to the hill-slide during the 1972 typhoon, subsequent to which, mining was halted.

More significantly, the workings associated with Tunnel £15 are distributed over a horizontal area of 1,500 square metres, with a reported thickness of 12 metres averaging 3.87% Cu. This zone reportedly remains open in all directions except towards surface.

Subsequent to the tunnelling and mining of some massive copper sulphide mineralisation, exploration was limited to some geological mapping and sampling, and limited geophysical surveys. Some diamond drilling was apparently carried out to target geophysical anomalies, however the extensive and strong pyrite presence in the area made it difficult to differentiate 'barren' sulphide zones from the Cu-Au-Ag-Zn-rich mineralised sulphide zones. Records of the diamond drilling are not available for verification.

In 1981, ERCC reported that there remained in the underground workings several thousand tonnes of massive sulphide ore grading 10-50% Cu. They also reportedly calculated a proven and probable resource of 8 million tonnes at an average grade of >0.7% Cu and an additional 28 million tonnes of possible resources at an unspecified grade for the remaining disseminated sulphide mineralisation. The resources calculations were derived from the results of sampling surface trenches and tunnels, although they are not verifiable, and do not necessarily comply with the JORC guidelines for the reporting of mineral resources.

ERCC did not consider other metals such as zinc, gold or silver as being

significant, therefore it appears that assaying for these metals were not always carried out. The current metal prices for these other metals, however is considered by the Company to be of some economic importance when reviewing the potential for this project. Samples obtained from the surface during a recent field visit by the Company returned assays ranging up to 8.9% Cu, 1.7% Zn and 1.3g/t Au.

The occurrence of 'direct shipping' bornite and chalcopyrite ore indicates the potential for the delineation of high-grade Kuroko-style mineralisation of significant size over a potential strike length of up to 6 kilometres.

Upon granting of the Exploration Permit Application, it is the intention of Metals Exploration to exercise the option to purchase agreement and apply modern exploration techniques to define the project's size and grade potential.

Option to Purchase Agreement

The Puray Project was introduced to the Company by East West Drilling (L) Limited ("EWD") pursuant to an arrangement agreed in December 2004 whereby EWD agreed to use reasonable endeavours to introduce potential projects to the Company (the "Arrangement"). The fee payable to EWD, as reported in the Company's announcement of 02 February 2005, is a success fee of GBP45,000 and

the issue of a warrant to subscribe for 2,000,000 Ordinary Shares at GBP0.0325 per share. It was also agreed that EWD would waive the success fee in return for 1,500,000 Ordinary Shares at the prescribed value of GBP0.03 per share.

An Option to Purchase Agreement has been negotiated and signed with Metex Mineral Resources Corporation, which grants Metals Exploration the sole and absolute right to purchase 100% of the Puray project, subject to the terms and conditions of the Arrangement between the Company and EWD.

Additional Information

g/t (grams per tonne) = ppm (parts per million)

Au, Ag, Cu, Pb, Zn = chemical symbols for gold, silver, copper, lead, zinc respectively

bornite - a copper sulphide mineral with approximately 63% copper content

chalcocite - a copper sulphide mineral with approximately 35% copper content

galena - a lead sulphide mineral with approximately 87% lead content

sphalerite - a zinc sulphide mineral with approximately 64% zinc content

Qualified Person

Gary Powell has been involved in the mining and exploration industry for more

than 20 years. He has a Bachelor of Applied Science degree in geology, and is a member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australasian Institute of Geoscientists ("AIG"). He has compiled, read and approved the technical disclosure in this regulatory announcement.

Contact: Steven Smith, Chairman

07797 721 858

Jonathan Anderson, Investor Relations

07950 410 680 or

00639162267575

This information is provided by RNS

The company news service from the London Stock Exchange

END

AGRZGGZVLNGGKZM