

Figures add up to a big plus for the miner's new project

Metals Exploration's enticing share issue

Dan Coatsworth

Nearly three times cheaper than its previous share issue eight months ago, a 7p-a-share placing by **Metals Exploration (MTL:AIM)** should be a poor deal for shareholders but the fact it is only one of a few miners able to raise money, and is fully funded until 2010, makes the stock worth buying.

The company has raised £3.7 million through the placing and £8 million in debt. The price at which new Metals Exploration shares are issued has progressively fallen in the past few years. It raised £4.3 million at 40p in July 2007 and £4 million at 20p in May 2008. Chief executive Jonathan Beardsworth argues the latest 7p level is 'a good deal' for shareholders, as he kept dilution to a minimum by arranging most of the finance through a 12-month debt facility.

The combined proceeds should be enough to fund a \$15 million feasibility study this year on its Runruno gold and molybdenum deposit in the Philippines. The money has come from property developers Christian and Nick Candy's private equity group Solomon Capital in exchange for a 29.9% stake in Metals Exploration.

The Candy Brothers are best known for luxury property including 1 Hyde Park in London. Solomon is part of new private equity group CCI, set up to invest in companies around the world. This is the Candy Brothers' first move into mining.

Runruno will cost \$208 million to build and should be in production by 2011. It contains two million ounces of gold and 34 million pounds of molybdenum. Metal Exploration shares are already up 35% on the placing to 9.5p and could keep rising.

Shares says: Fully funded up to mine construction, Metals Exploration is a risk worth taking. + Buy

