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Metals Exploration left behind in gold rush

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Shares in aspiring gold producer Metals Exploration (MTL:AIM) have dropped by nearly 40% since mid-November to 14.25p even though gold has continued to set new price highs. Investors were spooked by a two-day share suspension after news leaked of a resource downgrade from two million to 1.5 million ounces of gold at its Philippines-based Runruno project. Despite a potential delay while it reworks the mine plan, buy the shares as the revised project is still a decent size.

Managing director Jonathan Beardsworth says the company assumed gold mineralisation continued beyond its drilling boundary. A third party audit discovered this not to be the case, prompting the resource downgrade. Co-founder and chief geologist Gary Powell, who has been absent from developments due to illness, 'took it personally' and resigned, says Beardsworth.

There is now greater certainty over the gold content and with further drilling underway there is still potential to grow the project and test a theory copper is also present.

Shares says: + Buy Metals Exploration at 14.25p

