The board of Metals Exploration PLC ("MTL") is pleased to announce that it has
signed a Joint Venture Agreement ("JVA") with Medusa Mining Limited ("Medusa")
and Philsaga Mining Corporation ("Philsaga") (together the "Medusa Group") over
the former Lacandola gold mine on Masapelid Island, which is covered by Mineral
Production Sharing Agreement 004-91-XIII (the "Masapelid Project").

As previously announced by MTL on 23 December 2004, an agreement was signed with
San Manuel Mining Corporation ("SMMC") allowing MTL to earn a 70% interest in
the Masapelid Project (the "Interest").
Medusa is a company listed on the Australian Stock Exchange ("ASX: MML") and, in conjunction with Philsaga, is processing ore at its Co-O plant, which is being supplied by Philsaga from the Co-O gold mine in Agusan del Sur, approximately 240 kilometres to the south-south-west of Masapelid Island.

In summary the principal terms of the JVA are:

* the Medusa Group has the right to earn an 84% share of the Interest, with MTL retaining a 16% share of the Interest or alternatively retaining a 10% Net Profit Interest ("NPI") from Medusa in any mining operation;

* the Medusa Group is to expend the first US$1 million on the Masapelid Project and is to partly fund MTL's remaining acquisition cost of the Interest;

* the Medusa Group is to operate the Masapelid Project;

* the remaining shares and cash consideration to acquire the Interest will be shared 84% by Medusa and 16% by MTL with the following payments to be made:

(i) on or before 27 February 2006, proportionate payments to a total of US$25,000 cash and the issue of 40,000 shares by MTL and shares equivalent in value to 210,000 MTL shares by Medusa, such value to be determined with
reference to the average price of one ordinary share in MTL during the 5
days of trading on AIM immediately preceding 24 January 2006;

(ii) on or before 27 January 2007, proportionate payments to a total of
US$25,000 cash and the issue of 40,000 shares by MTL and shares equivalent
in value to 210,000 MTL shares by Medusa; and

(iii) on or before 27 January 2008, proportionate payments to a total of
US$30,000 cash and the issue of 80,000 shares by MTL and shares equivalent
in value to 420,000 MTL shares by Medusa.

* on completion of the expenditure of US$1 million, MTL has the exclusive
right to choose to contribute 16% of the on-going expenditure or to dilute
to a 10% NPI (in which case Medusa would then own 100% of the Interest);
and

* on commencement of any production, the present shareholders of SMMC will
receive a 1.5% Net Smelter Royalty ("NSR").

PROJECT HISTORY

The Masapelid Project has a history of narrow vein mining commencing before
World War II. Records indicate that 20,666 tonnes at 15 g/t Au were produced by
the Km73 Mining Company from the Layong Vein on the eastern side of the island before the mine closed prematurely prior to World War II. A further 133,000 tonnes were reported to have been outlined by underground development in the parallel No.6 Vein. Two shafts were sunk approximately 300 metres apart to depths of 122 metres and 30 metres with horizontal development completed on 3 levels. The parallel veins are interpreted to be approximately 900 metres long, strike in a north-easterly direction, are commonly approximately 1 metre wide and contain ancillary silver, lead, zinc and minor copper minerals.

The island contains extensive zones of clay-pyrite alteration in andesitic volcanics suggestive of a large hydrothermal system. Younger calcareous sediments also exhibit signs of alteration and are potential host rocks for disseminated style deposits.

In 1983 Benguet Exploration Inc. examined the property and collected four samples which averaged 1.52 oz/t Au, 4.34 oz/t Ag, 3.77% Pb, 1.56% Zn and 2.14% Cu.

In early 1986 a four hole diamond drilling programme was undertaken under a United Nations Development Program ("UNDP") in conjunction with the Mines and Geoscience Bureau ("MGB") to test the vein extensions on the western side of the island. These holes returned 1 metre @ 22.5 g/t Au in DDH 1, 1 metre @ 35 g/t Au in DDH 2 and 1 metre @ 72 g/t Au in DDH 4.
In the early 1990s Western Mining Corporation ("WMC") undertook extensive exploration focused on discovering porphyry copper-gold mineralisation involving stream sediment sampling, grid based soil sampling, 141 kilometres of ground magnetics, a gravity survey, an IP survey in 3 areas, and 9 diamond drill holes. The soil sampling outlined coherent gold anomalies over 900 metres of strike, corresponding to the projected strike of the Layong and No.6 Veins.

WMC’s hole MSI-D1 on the western side of the island near the UNDP-MGB drilling described above also intersected vein mineralisation of 1.48 metres @ 11.81 g/t Au.

Three diamond drill holes were completed by WMC in the Sampotan area at the southern tip of the island where porphyry copper mineralisation was intersected including 264.82 metres @ 0.32% Cu in hole MSI-D7 with the last sample in the hole assaying 1% Cu and 0.5 g/t Au over 0.5 metres.

A previous sample of remnant ore from a shaft collar returned 24.2 g/t Au, 154 g/t Ag, 7.86% Pb, 6.81% Zn and 0.55% Cu.

PLANNED WORK PROGRAMME - MEDUSA

The Medusa Group is expected to immediately commence a confirmatory diamond
drilling programme which, dependent upon results, may be followed by underground exploration and development.

ABOUT MEDUSA

The Medusa Group is currently conducting exploration in Eastern Mindanao. Philsaga have just received a Special Mining Permit which enables them to conduct commercial full scale underground mining operations at the Co-O gold mine in Agusan del Sur, for a period of one year, renewable for like period. Philsaga has been operating the narrow-vein Co-O mine for the last 5 years.

The Medusa Group has advised that it will immediately commence the development required for full scale mining operations at the Co-O mine to provide the ore feed to the Co-O treatment plant that is leased by Medusa and which is currently undergoing its first upgrade to an initial nominal capacity of 400 tonnes of ore per day (approximately 150,000 tonnes per annum).

As the Medusa Group has demonstrated the technical and financial ability to develop and exploit narrow high gold-grade vein deposits in the eastern Mindanao region, which encompasses the Masapelid Project area, the board of MTL regard the JVA as an excellent way of expediting the development of the Masapelid Project and, at the same time, enabling MTL to maintain its focus on Runruno.
QUALIFIED PERSON

Gary Powell (a director of MTL) 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 and the Australasian Institute of Geoscientists. He has compiled, read and approved the technical disclosure in this regulatory announcement.

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