11 March 2016

METALS EXPLORATION PLC

Metals Exploration plc (AIM: MTL) ("Metals Exploration" or the "Company"), the natural resources exploration and development company with assets in the Pacific Rim region.

Equity Raising

Metals Exploration is pleased to announce that it has obtained commitments to raise approximately US $6.2 million (£4.3 million) via the issue of a total of 148,300,536 new ordinary shares of 1 pence each in the Company (the "Placing Shares") at a price of 2.9 pence per new ordinary share, from certain existing shareholders (the "Placing").

1. Background to and reasons for the Placing

During 2015 the Company raised the following additional capital contributions by way of:

i. A Share Placement in September 2015 for the issue of 108,033,333 new ordinary shares of 1p each to certain sophisticated shareholders, including MTL (Luxembourg) Sarl and Runruno Holdings Limited, at a price of 3.0 pence to raise US $5.0 million (the "Share Placement");

ii. An Open Offer to all shareholders other than the subscribers in (i) above for the issue of 99,999,988 new ordinary shares of 1 pence each at a price of 3.0 pence, which raised GBP £3.0 million (the "Open Offer"); and

iii. US $5.0 million by way of a debt facility provided by the Company's two principal shareholders, MTL (Luxembourg) Sarl and Runruno Holdings Limited (the "Debt Facility").

It was announced by the Company on 18 September 2015 that the contributions from the Share Placement would provide sufficient capital to complete the commissioning of the Process Plant and Residual Storage Impoundment (the "RSI") at its Runruno Project and until it commences operations through to realising self sustaining cash flow. It was further announced that the contribution received from the Debt Facility would provide a
contingency facility should the permitting process delay the Project entering into commercial operations during October 2015. The funds received from the Open Offer were announced as not being critical to the requirements of the Project at that point in time.

Unfortunately the Project suffered from the additional combined time delays to entering commercial production resulting from the permitting process and super Typhoon Lando (Koppu). The super typhoon passed within 40 kilometres of the Project site causing flooding, debris and water damage, resulting in a Partial Suspension Order being placed on the RSI and Malilibeg Dump Site construction by the Mines & Geosciences Bureau in the Philippines (the “MGB”). The permitting process was materially completed in January 2016, later than had been previously anticipated. The typhoon event was experienced after the Share Placing had completed, when the Open Offer was committed and when the commercial terms of the Debt Facility had been agreed and documentation was underway.

The rehabilitation and enhancement works have since been completed in February 2016, although the MGB final verification and the lifting of the partial suspension order remain outstanding. The combined impacts of the work undertaken to satisfy the conditions for the lifting of the partial suspension order and the increased timeline to complete the permitting process, has depleted the cash resources of the Group at the end of February 2016.

The December 2015 bi-annual interest payment to HongKong Shanghai Banking Corporation Limited and BNP Paribas (together the “Lenders”) amounting to US $2.2m was also paid out of these funds. This was a requirement of the Lenders and access to a Debt Service Reserve Account funded out of equity to the amount of US $2.34 million was disallowed for this payment.

**2. $83m Facility Agreement**

One of the main effects incurred by the Project from the time delays entering commercial production as outlined in previous announcements above, is the delay of sustainable cash flows from the recovery of gold. The economic fundamentals of the project remain as they always have been but in the short term the Project has a liquidity issue. The main issue facing the Project is that its forecasted 2016 cash flow projections do not allow it to meet the June 2016 capital repayment (US $15.0 million) and the December 2016 capital repayment (US $15.0 million) due to the Lenders. As such, the Company is currently in technical breach of its banking covenants.

It has been agreed with the Lenders that the Debt Service Reserve Account equity proceeds will be able to be drawn down to the required amount to settle the 31 March 2016 capital repayment obligation of US $2.0 million.

The Company recognises these financial shortcomings and has been in preliminary talks with its current Lenders with the intention of commencing debt restructuring immediately after the Project enters commercial production. This is a hurdle required by the Lenders as a prerequisite to the restructuring but the discussions are ongoing with the Lenders on this subject with the aim of realigning the Projects deliverables and debt requirements.

The Company expects that following receipt of funds from the Placing and subject to achieving a satisfactory debt restructuring agreement with the Lenders as well as clearance to start operations from the MGB, it will now have in place sufficient working capital to continue until it commences operations through to realising self-sustaining cash flow.
3. The Fundraising Proposal

The Placing

The Company has received commitments for subscriptions totalling gross proceeds of US $6.2 million via the issue of 148,300,536 Placing Shares at a price of 2.9 pence per Placing Share. The Placing Shares are expected to be admitted to trading on AIM at 8.00 a.m. on 17 March 2016. The Placing Shares have been subscribed for by MTL (Luxembourg) Sarl, Runruno Holdings Limited, Baker Steel Capital Managers LLP (acting on behalf of various Funds for which it acts as full discretionary Investment Manager) and Investec Wealth & Investment Limited (the “Subscribers”). No commission is payable to the Subscribers. MTL (Luxembourg) Sarl, Runruno Holdings Limited and Baker Steel Capital Managers LLP are either substantial shareholders or part of a concert party controlling in excess of 50% of the Company’s issued share capital. As such, the participation of the Subscribers other than Investec Wealth & Investment Limited in the Placing is considered a related party transaction under AIM Rule 13.

The subscription price of 2.9 pence per new ordinary share represents a 29.7 per cent discount to the closing mid-price of 4.13 pence per ordinary share as at 10 March 2015, and a 35.8 per cent. discount to the 1-year average closing mid-price of 4.52 pence per ordinary share.

Shareholdings of the Subscribers

The shareholdings of the Subscribers prior to and following the completion of each stage of the proposed Equity Subscription are as follows (the below calculations assume all ordinary shares set out below continue to be held by those shareholders):

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Prior to the Equity Subscription</th>
<th>Following the Equity Subscription</th>
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<tbody>
<tr>
<td></td>
<td>Number of shares</td>
<td>%</td>
</tr>
<tr>
<td>MTL (Luxembourg) Entity¹</td>
<td>740,905,659</td>
<td>46.80</td>
</tr>
<tr>
<td>Runruno Holdings Ltd</td>
<td>300,407,305</td>
<td>18.98</td>
</tr>
<tr>
<td>Baker Steel Capital Managers LLP²</td>
<td>141,922,845</td>
<td>8.97</td>
</tr>
<tr>
<td>Investec Wealth &amp; Investment Limited</td>
<td>105,297,639</td>
<td>6.65</td>
</tr>
</tbody>
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Notes:

1. MTL (Luxembourg) entity includes MTL Luxembourg Sarl and Mrs. Emily Crompton Candy.
2. Baker Steel Capital Managers LLP (acting on behalf of various Funds for which it acts as full discretionary Investment Manager).
4. Related Party Transaction

The Placing with MTL (Luxembourg) Sarl, Runruno Holdings Limited and Baker Steel Capital Managers LLP (acting on behalf of various Funds for which it acts as full discretionary Investment Manager) constitutes a related party transaction under Rule 13 of the AIM Rules as each of them is either a substantial shareholder or is part of a concert party that is a substantial shareholder. Messrs Dean, Walker, Wilson and Simovici, having been appointed to the Board by various of the major shareholders participating in the Placing, are precluded from opining thereon. Accordingly, Mr Ian Holzberger and Mr Jeremy Ayre, the Independent Directors, having consulted with Stockdale Securities Limited, the Company's nominated adviser, consider that the terms of the Transaction are fair and reasonable insofar as shareholders are concerned.

Ian Holzberger, Executive Chairman, commented:

"The timing of Typhoon Lando and the resulting effects on the Project were very unfortunate but the timing of the capital raising programs from the shareholders in September, October and November 2015 could not have been more fortunate. Although these funds were required for working capital and contingency purposes through to entering production, they were entirely used up in the timeline from receipt of funds through to the end of February 2016 to fund working capital and the rehabilitation and enhancement works.

The Board of Directors and the Company are very grateful for the support the shareholders have provided the Company and indeed the ongoing support being provided in this Share Placement, together with their understanding of the recent events experienced."

For further information please visit or contact www.metalsexploration.com

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