

18 September 2015

Metals Exploration Plc
(“Metals Exploration” or the “Company”)

**Placing to raise US\$5.0 million of equity, an Open Offer up to €5m and a
US\$5.0 million proposed Debt Securities issue
(together the “Transaction”)**

Metals Exploration is pleased to announce that it has obtained commitments to raise US\$5.0 million via the issue of a total of 108,033,333 new ordinary shares of 1.0 penny each in the Company (the “**Placing Shares**”) at a price of 3.0 pence per new ordinary share, from certain existing shareholders (the “**Placing**”).

The Company also announces that it plans to make available a maximum of 100 million new ordinary shares of 1.0 penny each in the Company by way of an open offer to its shareholders (the “**Open Offer Shares**”) at a price of 3.0 pence per new ordinary share (the “**Open Offer**”). Those shareholders participating in the Placing have agreed to provide the Company with irrevocable undertakings not to take up their respective rights under the Open Offer. It is expected that a circular and application form relating to the Open Offer will be posted to shareholders in the next two weeks and the Open Offer will include an excess application facility for qualifying shareholders to apply for over allotments of shares being made available in the Open Offer.

The Company is in final discussions to receive commitments from certain shareholders to raise up to a further US\$5.0 million for working capital and contingency purposes by way of the creation and issue of debt securities up to a maximum nominal amount of US\$5.0 million (the “**Debt Securities**”).

1. Background to and reasons for the Placing

The Company commenced the staged commissioning of the Runruno Processing Plant in July 2015. This work has progressed satisfactorily but is limited in scope pending the issue of a significant number of operational and occupancy permits by the respective Philippine regulatory authorities. Without the required permits the Company cannot complete the full commissioning of the equipment within the Processing Plant and without obtaining all of the permits it cannot commence operations.

The construction of the Process Plant is completed and the construction of the Residual Storage Impoundment (“**RSI**”) and its infrastructure will be completed before the end of September 2015. An update on the Project and the permitting approvals process will be provided through a Regulatory News Service announcement on the release of the interim accounts before 25 September 2015.

In conjunction with the Placing, the Company will seek to raise up to a further US\$5.0 million through the creation and issue of Debt Securities and it is expected that they will be available to be issued before 31 October 2015. The Debt Securities are intended as a contingency instrument should the permitting process delay the Project entering into commercial operations during October 2015. There is no certainty as to how long the permitting process may take and neither is there any reason to believe the Company will not obtain all required and necessary permits. The Company is in close contact with the various permitting authorities but it is not in control of the speed at which the authorities process the documentation submitted, and issue the requisite permits.

The Company expects that following receipt of funds from the Placing and the issue of the proposed Debt Securities, it will have in place sufficient capital to complete the commissioning of the Process Plant & RSI at its Runruno Project and until it commences operations through to realising self sustaining cash flow.

2. The Fundraising Proposals

The Placing

The Company has received commitments for subscriptions totalling gross proceeds of US\$5.0 million via the issue of 108,033,333 Placing Shares at a price of 3 pence per Placing Share. The Placing Shares are expected to be admitted for trading on AIM on or about 24 September 2015 with admission expected to occur at 8.00 a.m. on 24 September 2015. The Placing Shares have been subscribed for by MTL (Luxembourg) Sarl, Runruno Holdings Limited, and Ruffer LLP (on behalf of its clients) (the “**Subscribers**”). No commission is payable to the Subscribers. Each of the Subscribers is either a substantial shareholder or is part of a concert party that is a substantial shareholder. As such, the participation of the Subscribers in the Placing is considered a related party transaction under AIM Rule 13.

The subscription price of 3.0 pence per new ordinary share represents a 27 per cent. discount to the closing mid-price of 4.125 pence per ordinary share as at 17 September 2015, and a 45 per cent. discount to the 1-year average closing mid-price of 5.479 pence per ordinary share.

The Open Offer

The Company also intends to provide qualifying shareholders with the opportunity to subscribe for up to a maximum of 100 million new ordinary shares at a price of 3.0 pence per new ordinary share, pro rata to their shareholdings in the Company subject to the terms and conditions of the Open Offer. This equates to a maximum Open Offer value of £3.0m (US\$4.6 million, €4.1 million). The Open Offer will include an excess application facility pursuant to which qualifying shareholders may apply for shares in excess of their entitlements pursuant to the terms of the Open Offer.

The Subscribers have agreed to provide the Company with irrevocable undertakings to waive their respective rights to participate in the Open Offer. The Company will prepare an offer document and application form with details and the terms of the Open Offer and send to qualifying shareholders in the next two weeks.

The Open Offer is conditional, inter alia, upon the passing by shareholders of resolutions at a General Meeting of the Company to give the Directors the necessary authorities to allot and issue the Open Offer Shares and to dis-apply statutory pre-emption rights in respect of the allotment and issue of the Open Offer Shares. Accordingly the Company will be sending a notice of General Meeting to shareholders to convene a General Meeting to obtain such shareholder approval. Should Shareholder approval not be obtained at the General Meeting the Open Offer will not proceed.

Shareholdings of the Subscribers

The shareholdings of the Subscribers prior to and following the completion of the Placing are as follows (the below calculations assume no ordinary shares are issued pursuant to the Open Offer and all ordinary shares set out below continue to be held by those shareholders):

On or about 24 September 2015

Shareholders	Prior to the Placing		Following the Placing	
	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
MTL Luxembourg Entity ¹	675,732,071	49.15	740,905,659	49.96
Runruno Holdings Ltd	261,031,148	18.98	286,207,305	19.30
Ruffer LLP (on behalf of its clients)	183,346,785	13.33	201,030,373	13.56

Notes:

1. MTL Luxembourg includes MTL Luxembourg Sarl and Mrs Emily Crompton Candy.

3. US\$ 5.0m Debt Security

The Subscribers are in discussions with the Company to subscribe for Debt Securities for up to a maximum nominal amount of US\$ 5.0m which will be proposed to be issued in multiples of US \$1.0 million. The proposed issue of the Debt Securities will provide additional working capital and contingency funding should the Project be delayed from entering commercial operations during October 2015. The Debt Securities will be available for issue up until 31 December 2015 should the Company wish to utilise this contingency funding.

Whilst there can be no guarantee that binding terms for the Debt Securities will be agreed, discussions are well advanced to have the Debt Securities created and be available for issue by 31 October 2015. It is expected the Debt Securities will be unsecured, subordinate to the US\$ 83.0 million Facility Agreement with HSBC and BNP Paribas with no arrangement fees or commitment fees payable. It is expected that the Debt Securities will have a coupon of twenty per cent (20%) compounded annually with interest capitalised until the Company has free cash flows available to repay the Debt Securities and interest.

4. Related Party Transaction

The Placing with, inter alia, MTL (Luxembourg) Sarl, Runruno Holdings Limited, and Ruffer LLP (on behalf of its clients) 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 Westhouse Securities, 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:

"We have reached an advanced stage of Runruno's development and so having to raise additional funds for working capital purposes is frustrating but also unavoidable. The process by which the relevant Philippine authorities issue permits is triggered by the completion of construction and is multi-faceted and voluminous requiring the Company to commit significant resources to the process. Unfortunately in the circumstances the Company is unable to forecast with any confidence when the required permits will be issued. Our decision to safeguard Runruno's development to date by raising additional finance through a mixture of equity and debt has been taken in order to provide us with the funding headroom we believe we need to take us through the permitting approvals process to the start of operations.

“The Board gave great consideration as to the best way of structuring this fundraise and consider this to be the most attractive arrangement because it allows all qualifying shareholders to share pro-rata in the funding and ownership of the Company via the Open Offer, which is important given how close the Company is to first production.

“On behalf of the Board, I would like to thank all shareholders for your continued support. The Company will provide updates to shareholders regarding permitting as appropriate.”

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

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