

METALS EXPLORATION PLC

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

Metals Exploration plc (AIM:MTL) (the “Company” or the “Group”), the natural resources exploration and development company with assets in the Pacific Rim region, is pleased to announce its final results for the year ended 31 December 2013.

SNAPSHOT:

In the year ended 31 December 2013:

- Construction of the Process Plant was formally announced with a commencement date of 1 July 2013.
- The principal shareholders contribute gross equity contributions (before expenses) of £38.2 million.
- A further £0.4 million was raised under an Open Offer to qualifying shareholders.
- Experienced expatriate and Philippines staff have been recruited to execute the self-manage strategy agreed by the board of directors for the project.
- Specialised and experienced construction consultants have been engaged to complement the Company “owner’s team” in engineering design, construction scheduling, project management, Biox© design and development and equipment integration.
- All major infrastructure works, including base camp, access roads, vehicle workshops, fuel farms and onsite electrical power reticulation were brought to completion during the year and in line with budget. These are now fully operational and supporting the construction project.
- Management has progressed debt funding discussions with a major international resource bank with the aim of securing a US \$70 million debt facility.
- Well-funded at the year-end with cash at bank of £31.9 million providing sufficient funding to meet project commitments on awarded packages.
- The Runruno resource was updated to 1.39Moz of gold.
- Mr. Ed Parsons stepped down from the Board as a Non-Executive Director and was replaced by Mr. Julian Wilson.

In the period post 31 December 2013:

- Process Plant construction has been significantly ramped up as the major Procurement Supply and Construction packages have been awarded.
- The supply packages awarded to date have been within budget.
- The return water tank, Structural Mechanical and Piping, several civils packages and Biox© tank construction package have been awarded and construction activity on the Process Plant site is significantly underway.
- The construction of the Residual Storage Impoundment has commenced with the main access roads developed, ground compaction, spillways under construction and the coffer dam progressing smoothly.
- Debt funding discussions progressed with a major international resource bank and subsequently a second partner international resource bank and commercial terms were agreed following banking due diligence. Legal documentation with respect to the funding facility is well advanced with management foreseeing no significant impediment to its completion at this juncture.

- Mr. Jeremy Ayre joined the Board of Directors as a Non-Executive Director.
- The Group has successfully defended a second Writ of Kalikasan.

CHAIRMAN'S STATEMENT

I am pleased to present Metals Exploration plc's (the 'Group') audited financial results and Annual Report for its ninth year ended 31 December 2013. I include a report on the progress and developments of the Group for the year and including the period subsequent to the financial year-end.

During the year the Group undertook a major 'Share Placing' to fund its ongoing Philippine Operations at Runruno with the five principal shareholding groups contributing gross equity of £38,152,313 before expenses (equivalent of US \$57.7m). This was complemented by an 'Open Offer' of ordinary shares to all other shareholders on the same commercial terms as the Share Placing. Both offers were successfully executed and the contributions raised enabled the Group to commit to the full development of the Runruno project whilst simultaneously raising a debt funding package to complete the build and commissioning of the Runruno project. Early in the year, management recommended a change in the Runruno construction paradigm from an Engineering, Procure and Construct single contract approach for the processing plant to a strategy of self-managing the Engineering Design, Procurement and Construction. The Group's Board of Directors endorsed management's recommendation in March 2013.

The formal commencement of construction of the processing plant was announced on 1 July 2013 with the Group's 'Owners Team' acting as the principal contractor for all of the construction works following a recruitment drive to build an experienced and capable construction team with various strengths and specialities. The project continues to take shape and is quickly evolving towards being a gold producer with commissioning of the plant forecast for Q1 2015. A tree cutting permit was successfully applied for which allowed the commencement of the early stages of mining operations, preparing the haul road into the starter pit and the construction of the Residual Storage Impoundment. In its capacity as a responsible and forward looking mining company, the environment and local communities are uppermost in the Group's considerations of the impact of mining. The Group continues to support various local aid programs, has a positive recruitment policy to engage as many employees from the local barangays as possible, is an equal opportunities employer with no sexual discrimination in recruitment, actively seeks to adopt best practice health and safety policies driven by a zero harm approach towards workplace accidents, and continues to progressively rehabilitate the surrounding landscapes as quickly and effectively as possible.

2013 was a year of great development and achievement evidenced by the rapidly changing site as infrastructure elements are completed and the processing plant takes shape. This momentum has continued into 2014. During the year the Group also successfully defended a second frivolous major court action against the development of the project, a writ of Kalikasan action brought jointly against its Philippine wholly owned subsidiary FCF Minerals Corporation, the presiding judge of the Panel of Arbitrators in the Philippines and the Department of Environment and Natural Resources ("DENR"). The Group also successfully defended a number of lesser challenges made against it during the year which stands testament to the responsible manner in which it undertakes its business.

Commencing in the second half of the reporting period management has been heavily engaged with an international resource bank to provide a level of debt funding which will enable completion of the Processing plant and bring the project into commercial production. This process involved the Runruno project and the Group's business and systems passing a very exacting program of due diligence assessment verifying the quality of the Group's work and assets. At the time of publishing this report the proposed debt facility is being documented with completion expected in the near term. Management is currently reviewing the legal documentation prior to submission to the Board for approval.

Equity funding

The Group has five principal shareholders that are committed to the project and have demonstrated this through its various stages of development. In 2012 discussions with a gold hedge fund to provide debt funding terminated after the already agreed commercial terms were re-sculpted by the Fund to the detriment of the shareholders. As the first step in refinancing the development of Runruno an equity share

placement was agreed by the five principal shareholders of the company and announced to the market on 26 March 2013. The main commercial terms of the placement were to raise an equivalent gross equity contribution of £38.15m (equivalent of US \$57.7m) before expenses, through the placement of 545,033,044 new ordinary 1p shares on a pro rata existing shareholding basis, at a placing price of 7p per new share to be issued in three separate placings on 23 April 2013, 18 June 2013, and 15 October 2013. This funding provided sufficient funds to complete up to US \$112.7m of its total US \$182.8m capital expenditure program with the balance to be provided by a tranche of debt funding, still to be secured.

In addition to the share placement to the five principal shareholders an Open Offer was designed to include all other shareholders on equivalent commercial terms. The Group secured waivers from each of its five principal shareholders not to participate in the Open Offer. The Open Offer was initially announced to the market on 26 March 2013 with the specific commercial terms of the offer announced on 10 May 2013. The contributions raised by way of the Open Offer were not critical to the process plant construction project and could not be relied upon to be fully raised. The intention was to provide opportunity for the existing qualifying shareholders to participate on a pro rata shareholding basis under equivalent commercial terms as the Share Placing to the five principal shareholders. The Open Offer had the potential to issue a further 55 million new ordinary 1p shares at an offer price of 7p per share. The offer was premised upon issuing 65 Open Offer shares for every 100 existing ordinary shares held. On 5 June 2013 the group announced the results of the Open Offer being the successful application and issue of 5,195,877 new ordinary 1p shares resulting in contributions of £363,711 being received.

The support of all of our shareholders has been much appreciated and has strengthened our resolve to bring the project into commercial operations as quickly and efficiently as possible.

Debt funding

Throughout the second half of 2013 and into Q2 2014 management has been intensely involved in debt funding negotiations with a major international resource bank and subsequently a second partner international resource bank. The legal documentation of the proposed facility is significantly advanced with no major impediments identified at the time of preparing this report. Were it to transpire there is a delay in finalisation of the facility documentation the impact of this would affect the project schedule by slowing down project progression.

Development and construction works

The various areas of stage 1 infrastructure and support facilities to enable the construction of the process plant were materially completed by Q3 2013 and in line with budget. The base camp, access roads, water and sanitation, vehicle workshops, fuel farm and on site electrical power reticulation were all completed by year end and handed over to operations progressively during the last half of the year and into Q1 2014. It was during this phase that management developed a more complete appreciation of the ability of local Philippine contractors and the surrounding labour force, together with its own capabilities to plan, undertake, manage and execute construction works. Early in 2013 after discussions with a leading Philippine experienced construction company, who had been previously proposed as the Engineering, Procure and Construct Contractor for the processing plant component of the project, stalled on commercial and technical grounds, the Group leveraged off its experience and determined to self-execute the entire Runruno project. At the time various experienced construction personnel required to compliment the Group's core Owner's Team to execute such a strategy were found to be available which strengthened the Group's decision.

A seasoned procurement team was recruited to commence construction proceedings by competitively tendering each of the long lead items of equipment, awarding the packages, engaging the suppliers and contractors into contract, and scheduling deliveries on CIF Incoterms. Almost all of the main items of equipment have been secured by contract and are in various stages of supply. The procurement team has developed the logistics procedures for bringing goods to the project site once they have arrived at port or at the airport in Manila.

Specialist consultants are engaged in the process plant engineering design, construction scheduling, project management, Biox© process design and development, and equipment integration. Each consultant has various experience of constructing similar process plants and add a dimension of confidence to the

decision to self-manage the build project.

Regional exploration

Despite the Group's principle focus being the development of the Runruno project exploration in the surrounding FTAA area has continued, all be it at a reduced level whilst the available resources have been focused on the development activities. Various programs of work including diamond drilling using one of the Groups drilling rigs resulted in an upgrade mineral resource base and identification of a new zone of gold mineralisation south of the Runruno pit area. This work continues to reinforce the potential of the Runruno FTAA for further commercially recoverable gold mineralisation outside of the mineral reserves currently under development.

Cash Position and Project Finance

As at 31 December 2013 the Group's cash at bank position was £31,947,096. With the anticipated banks' facility this provides sufficient funding to successfully complete the construction of the process plant, commission the various elements of the plant, and bring the project into a position of commercial recovery of gold. As previously highlighted, a delay in completing the facility is likely to result in a slowdown of construction activities.

Board changes

The Board of the Company has seen Mr Ed Parsons step down as a Non-Executive Director and replaced with Mr Julian Wilson and in March 2014 the election to the Board of Mr Jeremy Ayre, a mining engineer who brings with him over 25 years of technical and financial experience in the industry. I welcome the appointments to the board and their input to the Company going forward.

Customs Duties and VAT on imported capital mining equipment

As a privilege of the Financial and Technical Assistance Agreement ("FTAA") certain fiscal incentives are granted to FCF Minerals Corporation ("FCF"), as the Contractor of the mining operations in Runruno, by the government of the Republic of the Philippines. The FTAA is a contract in law with the Republic of the Philippines represented by the Executive Secretary acting on the authority of the President and entered into on 19 September 2009.

The FTAA defines a recovery period which allows FCF to recover its pre-operating expenses before making additional government contributions after local, provincial and national taxes are accounted for. During the recovery period the FTAA provides for certain fiscal incentives which include non-payment of 'customs duties and fees on imported capital equipment' and the non-payment of 'value added tax on imported goods and services'. In the process of importing capital mining equipment during the year the Bureau of Customs ruled that they did not have the appropriate implementing rules and regulations to provide for the equipment to be imported free of the customs duties and value added tax. FCF appealed to the Bureau of Internal Revenue ("BIR") to opine on the matter and the Commissioner of the BIR denied FCF any fiscal incentives through the issuance of Revenue Memorandum Circular No. 17-2013 ("RMC17"). RMC17 is a circular issued by the office of the BIR to 'clarify the taxes due from Financial or Technical Assistance Agreement (FTAA) Contractors during "Recovery Periods" ' and dated 15 February 2013, which clarified that FTAA contractors are liable to pay the taxes due under the Tax Code and existing rules and regulations during and after their "recovery period." It was ruled by the BIR that this payment is in the nature of compliance with tax obligations and not in the nature of settling the "government share" under the FTAA.

The Company strongly disagrees with RMC 17 on the following grounds:

- a) RMC No. 017-2013 contravenes Section 81 of Philippine Mining Act
- b) The Supreme Court has upheld with finality the validity of FTAA's for large-scale exploration, development, and utilization of minerals
- c) The FTAA is a binding contract between FCF and the Republic of the Philippines

On this basis FCF has challenged this ruling by appealing to the higher body, the Department of Finance ("DoF") but the DoF have been slow to reply to the challenges. In the interim FCF has been clearing its

capital mining equipment through customs but having to pay the required customs fees and value added tax payments. Each of these payments has been paid 'under protest' and the Company is pursuing the payment protests through the appropriate legal channels available to it.

It is estimated these costs will amount to US \$5m and is not expected to have a detrimental impact of the full capital expenditure amount of US \$182.8m

Writ of Kalikasan

In October 2013 the Company announced that The Presiding Judge of RTC-Branch 28, Bayombong, Nueva Vizcaya, FCF Minerals Corporation and The Department of Environment and Natural Resources had jointly been served with an application for a Writ of Kalikasan and a Temporary Environment Protection Order. It is a right of every Philippine citizen to apply for an issuance of a Writ of Kalikasan as a recourse action against violations and violators of the environment provided it can be proven the violations encompass an area enjoining two or more provinces. Earlier in the year the Company successfully defended itself against a similar Writ of Kalikasan and Temporary Restraining Order served on it in November 2012.

The second writ included no further evidence to suggest there was environmental damage extending to the two province rule and was dismissed on this basis by the Court of Appeals as deputised by the Supreme Court of the Philippines. This action and its predecessor were seriously flawed from the beginning and had no substance or mitigating evidence to suggest or indict FCF Minerals Corporation for being irresponsible in its approach to mining. They were both motivated to inflict the maximum amount of damage possible to the operations at Runruno on the pretext of an environmental catastrophe.

The Resolution of the Court of Appeals was delivered on 28 February 2014 and the petition for the issuance of the Writ of Kalikasan was dismissed. The Court ruled that all other issues raised by the petitioners were dismissed too and concluded that "Upon careful scrutiny of the petition before Us, the Court is convinced that there exists no legal basis to issue the writ being prayed for."

Corporate responsibility and environment

The Group prides itself on being a responsible operator and works diligently at reinforcing this position. Core programs in support of its aspirations include:

- maintenance of strong active social programs including health, education, infrastructure and capacity building;
- continuous Information Education and Communication programmes with all stakeholder groups;
- greening of the Philippines. The Group has planted and donated around 1.1 million trees and coffee seedling in various local and regional programs. This work is ongoing;
- minimising its environmental footprint through considered design and implementation of its works;
- supporting various local and regional aid programs;
- positive recruitment policy to engage with as many employees from the local barangays as possible;
- active training and up-skilling of the Groups workforce and the local community;
- promoting equal opportunities in employment;
- practicing no sexual discrimination in recruitment;
- implementing its health and safety policies with a zero harm approach to work place accidents; and
- progressive rehabilitation of all of its working areas and the surrounding landscapes as quickly and effectively as possible. The Group has received a number of award in recognition of its work the most recent being a Mining Forrest Award during 2013.

Summary

The year just ended was another year of rapid change, exciting challenges and a growing construction workforce with each being carefully managed in an evolving corporate culture. Real measurable advance has been achieved in the Group achieving its immediate objective of becoming a producer of gold and realising value for its shareholders.

I R Holzberger

Executive Chairman

21 May 2014

STRATEGIC REPORT

The Runruno project entered into full construction during the year with commencement of works on the processing plant and in the Residual Storage Impoundment. Elsewhere at Runruno work continued on the establishment of the infrastructure in support of the planned gold mining and processing and the early work in the planned mine area. Exploratory drilling has been maintained throughout the year in a limited capacity but has yielded some potentially interesting results.

Runruno Gold-Molybdenum Project

1. Background Information on the Project

The Company's principal investment is in the barangay of Runruno, Municipality of Quezon, located in the Province of Nueva Vizcaya on the central region of the Island of Luzon in the Republic of the Philippines. The capital city of the Philippines is Manila and Runruno is located 320km north of Manila by road access. The investment is held by a 100% owned subsidiary company, FCF Minerals Corporation ('FCF'). FCF is a corporation duly incorporated, organized and validly subsisting under the laws of the Philippines whose primary purpose and business is to engage in mining operations. The Runruno project is FCF's main operations to date and FCF is the main operating company of the wider Metals Exploration plc group.

FCF agreed to enter into a Financial or Technical Assistance Agreement ('FTAA') with the Republic of the Philippines on 19 September 2009. The FTAA is a contract involving financial or technical assistance for large-scale exploration, development and utilization of mineral resources which has been particularly crafted for FCF and legalized in a document titled 'FTAA No. 04-2009-II' signed by the office of the President. Under the FTAA, FCF is deemed to be the Contractor to which a Contract Area of 3,091 hectares in Runruno has been designated to it such that FCF 'desires to join and assist the Government in the large-scale exploration, development and commercial utilization of Minerals in the Contract Area, for which purpose the Contractor desires to obtain the exclusive right to conduct Mining Operations therein'.

It should be noted that foreign corporations such as Metals Exploration plc investing in the Philippines are not entitled to hold a majority ownership of land or property in the Philippines. However, through FCF being a Qualified Person to hold an FTAA, it is possible for Metals Exploration plc to own and invest in the project.

Having secured the FTAA contract FCF undertook the processes to comply with all of the requirements which would allow it to be able to execute mining operations. The Runruno Declaration of Mining Project Feasibility ('DMPF') was granted to FCF Minerals Corporation (the Company's wholly owned Philippine operating subsidiary for the Runruno project) late in 2011. The DMPF is authority allowing FCF to design and construct the processing plant at Runruno.

2. Estimated Cash Requirements and Capital Expenditure Budget

Capital Expenditure	£m
Capital Expenditure at 31 March 2014	52.5
Capital Expenditure Commitments Outstanding	14.6

Capital Expenditure yet to be committed	41.6
Total Capital Expenditure	108.7⁽¹⁾

⁽¹⁾ (US\$182.8m equivalent @ GBP:US\$1.68092 as at 31 March 2014 www.oanda.com)

In addition it is forecast that working capital requirements through to commencement of commercial gold recovery are estimated at £3.6m.

The capital expenditure yet to be committed will be funded from the expected loan facility.

The Group has available additional funds sufficient to meet the working capital requirement, exploration and other activities and non-project specific general operating costs.

3. Construction Works

Operational activities at the Gold-Molybdenum project site in Runruno in the Philippines increased in organized stages throughout 2013 and into Q1 2014. The site preparatory and development works were closed out or materially completed by Q3 2013, delivering a full suite of infrastructure which would allow commencement of construction and civil works on the processing site and in the residual storage impoundment.

It was announced as of 1 July 2013 that FCF Minerals Corporation (“FCF”) had formally commenced construction works on the process site by initiating procurement of long lead time items of equipment. Experienced expatriate and Philippine construction personnel were recruited to provide the management and direction required to execute the self-managed strategy for the process plant and ancillary works. Several experienced consultants were engaged to prepare and deliver the construction schedule and design requirements on an ongoing basis. Capital expenditure reporting, weekly strategy meetings, cash flow forecasting, procurement reporting, and delivery scheduling were fully developed as fit for purpose of a self-managed construction project. Management’s main focus was identifying the various areas of risk requiring managing and putting in place experienced personnel, systems and reporting to mitigate risk. Construction works progress is documented with full respect to the schedule and with the overall objective of commencing the commissioning of the plant in Q1 2015.

A. Project Infrastructure Off Site and Onsite

The site infrastructure works commenced in 2012 continued into Q3 2013 when they were materially completed. These works were largely managed by the Group’s Owners Team using Philippine contractors or the Groups own employees. The strategy for undertaking the infrastructure works was to first identify the various packages of works and competitively tender these to Philippine contractors in the first instance. Taking advantage of a slow-down in construction work on a national basis, FCF was successful in being able to engage with suitable and experienced local contractors. Under the supervision of management and complimented by experienced and highly qualified expatriate personnel various local construction contractors were engaged on the project. In almost every engagement the contractor took some time to mobilize to site, understand the standard of work which was required, improve their performance to comply with FCF’s health and safety standards, and observe management’s work practice and behavioral requirements. However, once each contractor developed their understanding of FCF’s expectations and requirements they delivered to a high standard and their rate of progress increased. This is to the benefit of the project as evidenced by both the Mines and Geosciences Bureau (“MGB”) and the Department of Environment and Natural Resources (“DENR”) being satisfied with the various outputs without any further qualifications leading to the issue of the permits and licenses required.

Roads access to site and at site

A priority infrastructure component was the early upgrade to the main Solano to Runruno national road for the benefit of the project and the local residents and to improve safety on the road. The full length of the 30 kilometer route which was in various stages of decay and dilapidation has now been refurbished. The refurbishment and maintenance work undertaken by the Company has been complimented by significant construction and improvement works undertaken by the Department of Works and Highways. The combined works comprise surface compaction, re-alignment of dangerous corners, re-profiling of dangerously steep embankments bordering the road, replacement bridge accesses, drainage and culvert works surface concreting and resurfacing of the unsealed section. Currently only a single 8 kilometer

stretch of the road remains unsealed. The Solano to Runruno road has now been established as a reliable all-weather access road to a standard which will support the local communities and the project during development and in operations.

A new controlled access road to site, from the local Runruno barangay road, has been pioneered and fully established by the Company. This road allows employees, contractors, agents and visitors access to the general office, camp and on into the mine and processing plant areas without having to travel along a narrow congested barangay road. This road is maintained by the Company for its benefit and to improve safety by decongesting the barangay road.

General Office and Camp Compound

An integral and vital component of the project during construction and thereafter in operations an 800 bed camp site which is now fully operational with ablutions, laundry, gymnasium, water, sanitation, and a fully equipped and functional mess hall all commissioned. The camp comprises concrete structures with stud partition wall separation. The permanent camp is designed to initially house construction personnel and will be reconfigured and refurbished at the end of the construction period to support ongoing operational requirements. A potable water plant has been constructed to deliver sufficient supplies of water to the camp administrative functions and operational aspects of the mine.

The Camp and Mess Hall is managed and operated by the Company through the site services team. The mess successfully serves well in excess of one thousand meals daily.

The site also benefits from an emergency services building complete with fully equipped ambulance and a fire truck. A stores facility has been constructed which will be a central location for receiving, warehousing and distribution of goods or items required during construction and in operations.

The General Office housing the site administrative functions and the processing plant construction group is complete and fully functional.

Maintenance workshops

A heavy vehicle workshop, a light vehicles workshop both of which are now occupied and fully functional and a process plant workshop (nearing completion) are intrinsic components of the mining and processing operations and prerequisites for keeping the mining and construction items of plant and equipment in good working order. These have been strategically positioned to give maximum support to the various support functions and equipped to a very high standard.

A self banded fuel farm has been installed and fully commissioned near the mining support function area. This comprises two separately installed fuel storage tanks, each designed to hold 62,300 litres of diesel fuel primarily for the mining fleet of trucks, dozers and excavators. Two additional tanks will be added to support the operational phase of the project.

During construction diesel fuel is being free issued for the benefit of contractors' plant and equipment under controlled conditions. This strategy ensures diesel fuel is supplied at cost to the construction project and the project will benefit by not having to pay a traditional overhead and profit component when fuel is supplied externally. The Company has entered into a diesel fuel supply agreement with the leading local fuel supplier in the Philippines, with pricing based upon the Mean of Platts Singapore pricing formula. The contract is for an initial three year term and commenced 1 November 2013.

Offsite power supply

Power is forecast to be the single largest cost component of operations and is a significant expenditure item during construction activities. It is expected that during the construction phase of operations the Company will have an average power draw of around 1.5 megawatts and in steady state operations around 10.5 megawatts.

A study of the Provincial power network during the project's feasibility study stage showed that the network was not capable of reliably supporting the operational and construction phases of the project but that the main 230 kV National Grid distributor running through the Province was in good order and

reliable. It was determined that a new 37km power line would need to be constructed from the Bayombong switchyard on the National Power Grid to support the project's power requirements. Further a dedicated power line from the National Grid would allow the Company to purchase its electrical power requirements directly from an independent power producer.

The projected dedicated power line has been constructed in two stages, initially 22 km to the project from Maddiangat on the Runruno – Solano road where a more reliable connection at 13.9kV was available. This line was commissioned during the year and is supplying power to the project during construction. Stage two, which is nearing completion traverses a further 17 km from Maddiangat to the Bayombong switchyard. Once joined and commissioned stage one and two will carry power from the National Grid (230 kV) at the Bayombong switchyard to the project site at 69 kV to support the operational power requirements.

The Company is now licensed to purchase power from an independent power producer and is currently in discussions with the leading generators in the country to secure its power requirements. To facilitate the construction of the Runruno distribution line during the construction phase, the Company entered into an agreement with a local electricity supplier, Nuevelco, to make use of their land easements to erect new and more stable electricity utility poles and transmission lines. During the construction and operations phase of the project these will be maintained by the Company and will be handed over to Nuevelco at the end of operations.

Onsite power supply

During construction the project will draw grid electrical power at 13.9 kV. This will provide a substantial cost saving when compared to using diesel powered generators during construction.

Electrical power has been distributed throughout the process plant to each of the infrastructure sites including the general office and associated buildings, accommodation, mess hall, batch plant, mine office, heavy vehicle workshop and process plant areas. Temporary utility poles have been strategically erected to reticulate power from the permanent switchyard located in the processing plant area. Two 1,000kVA generator sets have been installed and commissioned at the permanent switchyard on the process plant to provide backup power during construction. A further 4,000 kVa back-up capacity will be installed to support operations.

B. Process plant construction

Early in the year, management recommended a change in the Runruno construction paradigm from an Engineering, Procure and Construct single contract approach for the processing plant to a strategy of self-managing the Engineering Design, Procurement and Construction. The Group's Board of Directors endorsed management's recommendation in March 2013. This was a material shift in strategy trading off a higher risk profile for the ability to control the build schedule and the costs of design, procurement and construction. The dynamics of the construction industry in Asia had recently softened in favour of the contractor and the Company had sufficient comfort and belief that it could build an experienced and motivated construction team to oversee and manage the construction project in conjunction with management and local Philippine contractors. Certain specialist consultants have been engaged to drive the designs and operational aspects of construction. This has proved to be a successful decision to date and the company has been able to maintain its build within budget to date, and at this stage of construction the project is forecast to be in line with budget.

Specialist consultants

Contromation Energy Services ("CES") has been engaged to provide Engineering design, detailing procurement services and commissioning assistance for the project. CES are based in Jakarta, Indonesia and have been associated with the project since design inception. They have the design capabilities and in-country mining design experience required to provide detailed drawings which integrate and identify the specific equipment requirements. Where specialist skills are required or an area is judged to be a high design risk third party specialists are engaged under CES to provide design and engineering assistance.

Biomin is providing the licensed technology, BIOX®, for the biological leaching operations used in the processing flow sheet. Biomin strongly supports its technology with technical and design advice.

Runruno in particular will benefit from significant improvements made recently by Biomin to the design and engineering of BIOX® component of the processing plant.

Plant & Infrastructure Engineering Pty Ltd (“PIE”) is a Perth based company providing engineering, project management and commissioning services to the project. PIE are highly experienced with a specialty in mining, focused on developing the project in conjunction with senior management and adding substantial value in the process. PIE manages CES on a day to day basis providing strategic input and direction on procurement and construction. Management has embraced PIE’s recommendation to contract with suppliers, manufacturers, contractors and consultants through a standard form of contract being an internationally recognized ‘International Federation of Consulting Engineers’ (“FIDIC”) suite of contracts. Three FIDIC forms of contract are mainly in use depending upon the purpose and magnitude of the contract being procured:

- for major design and build contracts the ‘Conditions of Contract for Plant and Design-Build’ (the Yellow Book) is used;
- for similar design, build or supply contracts but of a lesser magnitude, the ‘Short Form of Contract’ (the Green Book) is used;
- for consultants the ‘Client/Consulting Model Services Agreement’ is used.

This standard form of contract captures all of the major procurement components and has standardized the way in which the company contracts with all of the main suppliers and contractors. The contracts are based upon Philippine law as the law of the contract and are entered into in the domestic or buying currency, generally on a fixed price basis.

Procurement

The Company announced it had entered into the formal construction phase of the Process Plant as of 1 July 2013 and that it was self-managing the process, including procurement. The first formal activities of the formal construction phase were to order the long lead time items of equipment on a progressive basis. These were each procured under a particular FIDIC contract binding a particular supplier successful in a competitive bidding process. An experienced expatriate procurement manager with a specialist background in the engineering and construction field was recruited; the procurement team was further increased through the recruitment of specialist engineering buyers and a scheduler. The procurement team has come together extremely well and their performance has confirmed management’s confidence in taking the correct decision to self-manage the build in a softening price market and having a price advantage in international purchasing.

The main long led items procured, being manufactured, assembled or already deliver to site comprise:

Contract Awarded	Contractor	Award date	Currency
SAG Mill	CITIC	25-May-13	USD
Fuel Storage	Petro Industrial	31-May-13	AUD
Thickeners and CCD	Takraf (Delcor)	21-Jun-13	USD
Project Management Consultancy	PIE	05-Jul-13	AUD
Intertank Screens	Kemix	05-Jul-13	ZAR
Agitators & Ancillary Equipment	Afromix	10-Jul-13	ZAR/EUR
Heavy Vehicle Workshop	RM Perez	05-Aug-13	PHP
Flotation Cells	Outotec	06-Aug-13	USD
Mineral Sizer	MMD	12-Aug-13	GBP
ROM Apron Feeder	Osborn	23-Aug-13	ZAR
ROM Apron Feeder	Osborn	23-Aug-13	EUR
ROM Apron Feeder	Osborn	23-Aug-13	USD
BIOX Blowers	Siemens	23-Aug-13	EUR
Vibrating Screens	Osborn	30-Aug-13	ZAR

Engineering Design Services	CES	06-Sep-13	USD
Limestone Package	Transmin	11-Sep-13	AUD
Plant Workshop (supply only)	GXD	12-Sep-13	USD
Cyclones Package	Weir	13-Sep-13	AUD
Gravity Package	Gekko	19-Sep-13	AUD
Plant Air System	Atlas Copco	20-Sep-13	USD
Cooling Towers	Tektower	16-Oct-13	ZAR
Variable Speed Drives	Danfoss	25-Oct-03	PHP
Floculant Plant	Ternova Delkor	25-Oct-13	USD
Elution Package	SGS Time Mining	04-Nov-13	USD
Pilot Plant	Biomin	18-Nov-13	ZAR
Lime Mixing	Transmin	05-Dec-13	AUD
Gold Room Safe and Vault Door	Solid Business Machines	09-Jan-14	PHP
Transformers	Fuji Haya	14-Jan-14	USD
Gold Room Pressure Filter	Intertek	30-Jan-14	PHP
Gold Room Drying Oven	Furnace Technology	07-Feb-14	AUD
Gold Room Tilting Furnace	Furnace Technology	07-Feb-14	AUD
Gold Room Fans	WH Smith	28-Feb-14	AUD
Sump Pumps	Metso	28-Feb-14	AUD
Slurry Pumps	Metso	28-Feb-14	AUD

Civils

An experienced team of expatriate and Philippine construction personnel has been recruited with specific Asia construction experience in mining. The Company has had the benefit of a slowing down of construction in the mining industry to recruit a highly skilled construction team, many of whom have Philippine construction experience and are adept in their knowledge of the Philippine construction contractors. The Company has taken great advantage of this knowledge and experience and where necessary will complement the team with further specialists.

Several civil packages and supply of construction materials for civil work have been awarded to qualified Philippine contractors with various work-fronts now active on site. The process plant is now under construction and is taking significant shape, from the various concrete slabs already poured and the fabrication, erection and installation of the site return water tank. Stainless steel tanks for the BIOX® circuit are currently being rolled and formed ahead of erection and the structural, mechanical and piping contract has been let.

A list of the civil contracts and materials contracts awarded to date is detailed below.

Contract Awarded	Contractor	Award date	Currency
Reinforcing Steel Supply	Pag-Asa Steel	30-Aug-13	PHP
Screw Piling	SFP	25-Sep-13	PHP
Stainless Steel Supply	Marubeni	28-Nov-13	USD
Site Return Water Tank	Witco	13-Dec-13	PHP
Civil Construction Package 1	Witco	24-Jan-14	PHP
Return Water Tank Slab and reagent store slab	Jann Norris	12-Feb-14	PHP
Fabrication & Erection of Tanks	EEI	28-Feb-14	PHP
Structural, Mechanical, Piping	Metaphil	26-Mar-14	PHP

C. Residual Storage Impoundment

A New Zealand based design consultant, Resource Development Consultants Ltd (RDCL) has been engaged to provide the detailed design and to overview the construction of the Residual Storage Impoundment (“RSI”). RDCL are supplementing their available resources by using other NZ based dam design experts. Ground work has commenced in the RSI with the establishment of early stage spillway cuts, the construction of a coffer dam to control water during the construction of the main dam and the preparation of the footprint for the main dam wall and clay core.

The construction of access roads into the RSI and the redirecting of overburden from the mine haul road to the RSI has commenced in earnest with the Company’s Komatsu mining fleet of trucks, dozers and excavators fully operational on this mining development project. The operators of the Company’s fleet have in the main been recruited from the local Runruno barangay and trained by the project. Two female operators have now been fully trained and operating 100 tonne Komatsu dump trucks. When recruited several of the operators had not driven a motor vehicle and the skills now displayed by these employees is a testimony to the advanced training skills of our mining team.

After several months of applications and waiting the tree cutting permit enabling the RSI construction and the early stages of mining was finally obtained. The permit required a tree felling and replacement strategy paper to be prepared and supplied to the Community Environment and Natural Resources Office of the Department of Environment and Natural Resources. The paper was duly prepared and submitted and has been endorsed for implementation.

The construction plan is to complete the RSI by the end of 2014 and will introduce night shift working as part of the working pattern. A double shift system focusing on a 24 hour construction operation will be implemented in the coming months.

D. Mine

Access to the mine area is now fully established with high quality, all-weather roads constructed to support operations over the balance of the year, during the construction of the RSI and on into operations. In excess of 1.5 million tonnes of material has been removed from the mine area to date. Several ore-blocks have been exposed by this work. These have been found to correlate well with the ore block model developed from the in excess of 112km of drilling undertaken in the pit area during the exploration and feasibility stages of the project.

Mine Geology

Initial grade control systems are being established and will be implemented initially around the grade control and materials selection during the mining of the pit area for the materials to build the RSI. A reverse circulation grade control rig has been purchased and is available at site to support these operations.

Sampling and Quality Assurance protocols developed during the exploration phase will be maintained in grade control drilling activities.

Mapping, interpretation and development of structural, lithological and mineralisation models is continuing. Geologic mapping and channel sampling was conducted at Stage 1, Stage 2 and Stage 3 of the Runruno Surface Mine, along the developed Mine Haul Road and newly excavated areas around the Runruno Open Pit.

4. REGIONAL EXPLORATION

Despite the Group’s principle focus being the development of the Runruno project exploration in the surrounding FTAA area has continued, all be it at a reduced level as key resources have been focused on development activity. Various programs of work including diamond drilling using one of the Groups drilling rigs resulted in an upgrade mineral resource base and identification of a new zone of gold mineralisation south of the Runruno pit area. This work continues to reinforce the potential of the Runruno FTAA for further commercially recoverable gold mineralisation outside of the mineral reserves currently under development.

During Q1 2013 the Company announced a 78.9% uplift in the Inferred JORC Resource category from 190,000 ounces of gold to 340,000 ounces of gold at a grade of 1.4 grammes per tonne. When combined with the previous inferred JORC resource ounces the company announced that total compliant resource base had increased to 1.73 million ounces of gold with an average grade of 1.63 grammes per tonne from 1.58 million ounces of gold with an average grade of 1.69 grammes per tonne.

Drilling continued to systematically assess the mineralised structure towards the southern end of the pit straddling an area known as Malilibeg South. The focus of this drilling activity is on tracing a wide flat-dipping mineralised structure moving deeper as the strike length extends.

5. ENVIRONMENT

The Company has a responsibility to the community and environment in the barangay of Runruno and in particular to rehabilitate any areas of disturbance as quickly and effectively as possible. This responsibility is taken very seriously and the Company is cognisant of its obligations under the Financial and Technical Assistance Agreement for these affected areas.

Various programs are ongoing including rehabilitation, reforestation, environmental monitoring, waste management, submission of environmental reports, application and renewal of permits. This includes but is not limited to:

- Slope remediation and rehabilitation in the processing plant, batch plant, ROM pad, workshop areas and completed drill-pads.
- Mounting of coconut matting on disturbed slopes and planting of vetiver and napier grasses to prevent soil erosion.
- Construction of temporary siltation ponds / silt traps / drainage canals and installation of silt fences.
- Regular in-house environmental monitoring of water, effluent discharge, ambient noise and weather.
- Monthly water quality monitoring.
- Planting of endemic species of trees in the areas of its operations.

As part of the Mining Forest Program (MFP) activities a total of 72,906 trees have been planted to date in various areas within the FTAA contract area; at roadsides, within the community open spaces and other denuded areas. The total area reforested is 70.113 hectares. Other activities include:

- FCF was identified as one of the sites for the Bio-offsetting Project by the Mineral and Geosciences Bureau (“MGB”) central office. This a 3-year joint project between FCF and MGB (its central office and its regional office 2). This project aims to conserve and protect existing biodiversity within the designated area allowing compensation of the unavoidable environmental impacts of the project with particular emphasis on the loss of vegetation. It ensures the protection and enhancement of the environment during commercial operations.
- Maintenance of the agro-forest and integrated reforestation projects located at Sitios Kinalabasa and Lintungan and also the previous plantations established in 2007.
- Maintenance of sapling nurseries at Sitios Lintungan and Kinalabasa and the main sapling nursery at Sitio Compound. This includes a care and maintenance program for the propagation of plant and tree seedlings, and soil cultivation.

A summary of the highlights of the Community Relations programs ongoing throughout the year and continuing in 2014 are:

Health

- 2,128 direct beneficiaries of various health programs.
- Honorariums of 14 health professionals (on going).
- One Botika ng Barangay.
- Zero percent maternal mortality since 2007.
- Ongoing feeding program for malnourished children in the barangay of Runruno.

Education

- 46 university scholars sponsored, with 6 currently employed in mining activities with FCF.
- 24 teachers' honorariums including the Day Care Centre Staff.
- 3 classroom buildings.

Skills Enhancement and Training

- 2,169 total recipients of skills training at TESDA many of who now work for the Company.

Livelihood Projects

- Established 14 community organizations.
- Establishing 11 livelihood projects, 4 micro enterprises and 2 demonstration farms.

Community Infrastructure Projects

- Eleven Hanging Bridges.
- Five Potable Water Systems.
- Two Health Facilities.
- Ten Day Care Buildings.
- Nine Agricultural Production Facilities.
- School Facilities.
- Senior Citizen Building.
- Banana Chips Production Area.
- Twenty six Communal Comfort Rooms.
- Water Tank erected near the barangay Clinic.
- Significant rehabilitation of Lintungan-Busat Road.

6. Mineral Reserves and Resources

In March 2011, the Runruno resource was updated to 1.39Moz of gold, and 25.6Mlb of molybdenum, with 1,050,000oz gold reporting to the Measured and Indicated categories and 900,000oz gold within the Mining Proven & Probable Reserve category. This resource estimate was updated in March 2011 to include all drill holes completed and assays returned by the end of December 2010, comprising 807 drill holes for a total of 110,427m. The combined Measured and Indicated resource containing 1,050,000oz gold comprises 75% of the total resource.

March 2011 Mining Reserve and Schedule Resource Runruno Gold Project					
Reserve Category	Ore	Gold		Molybdenum	
	Mt	g/t	M Oz	ppm	M lbs
<i>Proven</i>	10.2	1.90	0.62	616	13.9
<i>Probable</i>	4.8	1.77	0.27	414	4.4
2P Reserves	15.0	1.85	0.90	603	18.3
<i>Additional Inferred Resource in-pit</i>	2.9	1.73	0.16	258	1.7

Notes to accompany ore reserve statement:

1. Stated Inferred Resource is not included in reserves and is in addition to reserves within the defined pit limits and is included in the planned production schedule with a 5% mining loss applied.
2. The tenement holder is FCF Minerals Corp ("FCF"). Metals Ex currently holds 100% of FCF.
3. Reserve estimate are derived from the March 2011 MA Resource Estimate by application of Modifying Factors.
4. Cut-off grade of 0.3 g/tAu
5. Optimisation for final pit selection using Whittle Global Optimiser and following parameters.
 - a. Maximum material movement of 13Mtpa
 - b. Target of 1.75Mtpa delivered to mill
 - c. Mining Ore loss of 5%, Mining Dilution included in the resource estimates.
 - d. Mining costs varied by region from US\$1.11 to US\$1.22/tonne
 - e. Processing Costs of US\$14.45/tonne milled
 - f. Period Costs (including mining period costs) of US\$2.25/t milled
 - g. Gold recovery of 90.4%
 - h. Gold Price used of US\$1,000/ ounce

- i. No value or process costs attributed to the Molybdenum
 - j. A discount rate of 10% pa for DCF and NPV
6. Scheduling of production using Gemcom Minesched within final Pit Shell.

March 2011 Mineral Resources Runruno Gold Project					
Resource Category	Ore	Gold		Molybdenum	
	Mt	g/t	M Oz	ppm	M lbs
<i>Measured</i>	11.2	1.88	0.68	604	14.9
<i>Probable</i>	7.0	1.64	0.37	425	6.5
<i>Inferred</i>	7.5	1.44	0.35	253	4.2
Total	25.7	1.69	1.39	453	25.6

Notes to accompany the resource estimate:

1. The tenement holder is FCF Minerals Corp (“FCF”).
2. Metals Ex owns 100% of the FCF.
3. Resource estimate based on all drillholes completed and assays returned by 31 December 2010. The resource was estimated on the basis of 807 drillholes (110,427 metres) consisting of 485 diamond drillholes (65,517 metres) and 322 RC drillholes (45,911 metres).
4. All analyses undertaken by Intertek, an internationally accredited independent laboratory.
5. Gold analysis by classical 1kg screen fire assay analysis.
6. Molybdenum analysis by mixed acid digest and ICP-OES.
7. Block model block sizes selection of XYZ 20x20x5m is based on Kriging Neighbourhood Analysis as reported in November 2009. Sub-blocking for volumes only to 5x5x1.25m. Screened for topography by sub-block.
8. Geological resource constrained by sub-block with 86 wireframes in 13 domains based on lithology, structure, alteration, artisanal surface workings and a minimum sample grade of 0.3 g/t Au, includes minor internal dilution. Each sub-block can only belong to one domain.
9. Drill intercepts within each domain flagged in a database table and composited to 2m downhole giving 6,439 informing samples from 687 drillholes.
10. A gold grade cap was applied to informing composites to remove minor outliers. Of the 20 composites capped to 12 g/t Au the maximum uncapped grade was 39.14 g/t Au. No grade cap was applied to molybdenum grades.
11. Routine bulk density measurements show little variation within rock types. An average bulk density based on rock type and oxidation state was assigned to resource model based on interpreted geological units and oxidation state.
12. Grade interpolated into a constrained block model by domain using Ordinary Kriging estimation in 4 passes with parameters based on variography by domain. Estimates validated against informing samples and with nearest neighbour and inverse distance squared block estimation.
13. Resources have been classified in compliance with the JORC Code as Measured, Indicated and Inferred. Categories allocated by block by domain, based on drill spacing and type, number of informing samples, fill pass and Kriging estimate confidence.
14. Lower cut off grade of 0.3g/t gold applied to blocks in reporting the resource estimates.
15. Molybdenum grades are reported along with the gold grades by resource categories but a consistent laboratory bias low in molybdenum assay standards of about 20% is recognised by FCF but has as yet not been addressed.

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr. Andrew Vigar, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr. Vigar is an employee of Mining Associates Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr. Vigar consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Malilibeg South Resource Estimate – March 2013					
Resource Category	Ore	Gold		Molybdenum	
	Mt	g/t	M Oz	ppm	M lbs
<i>Measured</i>					
<i>Probable</i>					
<i>Inferred</i>	7.55	1.4	0.34	1,200	19.98
Total					

Notes to accompany Malilibeg South Inferred Resource estimate

1. This information should be read in conjunction with Appendix 1 Table 1 of the report Runruno Project, Malilibeg South

- Resource prepared by Mining Associates which can be found on the Company's website as an appendix to the operational update.
2. The Runruno Project is located in the Nueva Viscaya Province, Philippines.
 3. The Runruno project is operated by FCF Minerals Corporation ("FCF") under a Financial or Technical Assistance Agreement (FTAA) No 4-2009-II.
 4. FCF is a Philippine incorporated company and a subsidiary of AIM (London) listed Metals Exploration plc ("MetalsEx"). MetalsEx owns 100% of FCF.
 5. The resource estimate is based on diamond drilling results and assays received to the end of December 2012 in an area to the south of the existing Runruno resource.
 6. Mineralisation style and lithologies are similar to the main Runruno deposit and drill holes have intersected the mineralised structures at depths predicted by the geological model.
 7. A total of 30 diamond drillholes (7,220m) have been used to inform the estimate
 8. All analyses undertaken by Intertek, an internationally accredited independent laboratory.
 9. Gold analysis by classical 1kg screen fire assay analysis.
 10. Molybdenum analysis by mixed acid digest and ICP-OES
 11. Block model estimation block sizes of XYZ 20x20x5m. Sub-blocking for volumes only to 5x5x1.25m. Screened for topography by sub-block.
 12. Geological model constrained by sub-block with 4 domains based on lithology, structure, alteration, and a minimum sample grade of 0.3 g/t Au, includes minor internal dilution. Each sub-block can only belong to one domain.
 13. Drill intercepts within each domain flagged in a database table and composited 2m downhole giving 256 informing samples from 30 drillholes.
 14. A gold grade cap was applied to informing 2 metre composites to remove minor outliers. Only the main structure had sufficient intercepts to determine a suitable grade capping strategy. Gold was capped at 9.5g/t (99.5%ile) and molybdenum was capped at 7090ppm (98%ile).
 15. Routine bulk density measurements undertaken on drill core by FCF show that it varies mainly according to weathering (fresh, transition, and oxidised) and lithology (crystal lithic tuff, tephrite porphyry, monzonite).
 16. Grade interpolated into a constrained block model by domain using Ordinary Krige estimation in 2 passes with parameters based on variography by domain. Estimates validated against informing samples and with nearest neighbour and inverse distance squared block estimation on a global basis and by swath plots.
 17. Resources have been classified in compliance with the JORC Code as Inferred. Geological evidence is sufficient to assume geological continuity. The drill density is insufficient to assure grade continuity though it is assumed and is based on limited sampling.
 18. Lower cut-off grade of 0.5g/t gold applied to blocks in reporting the resource estimates.
 19. Molybdenum grades are reported along with the gold grades by resource categories but a consistent laboratory bias low in molybdenum assay standards of 12% to 20% is recognised by FCF but has as yet not been addressed.
 20. Drilling, logging, sampling, and assaying techniques used were similar to those used to produce the Runruno deposit resource and reserve estimate of March 2011.
 21. Routine bulk density measurements (which show little variation according to oxidation state or lithology) were undertaken on drill core by FCF. The bulk density of 2.5 used for tonnage estimates was the same as that used to produce the Runruno resource and reserve estimate of March 2011.

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Ian Taylor, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Taylor is an employee of Mining Associates Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Taylor consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

7. Other Exploration Projects

The Company did not complete any work on its other exploration project outside the Runruno FTAA.

8. Approval

Mr. Ian Holzberger, a director of the Company, who has been involved in the mining industry for more than 40 years, is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists, has compiled, read and approved the technical disclosure in this regulatory announcement.

9. Forward Looking Statements

Statements relating to the estimated or expected future production, operating results, cash flows and costs and financial condition of Metals Explorations, planned work at the Company's projects and the expected results of such work are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: expects,

plans, anticipates, forecasts, believes, intends, estimates, projects, assumes, potential and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur. Information concerning exploration results and mineral reserve and resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed.

These forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable at the time they are made, are inherently subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfil projections/expectations and realize the perceived potential of the Company's projects; uncertainties involved in the interpretation of drilling results and other tests and the estimation of gold reserves and resources; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of environmental issues at the Company's projects; the possibility of cost overruns or unanticipated expenses in work programs; the need to obtain permits and comply with environmental laws and regulations and other government requirements; fluctuations in the price of gold and other risks and uncertainties.

10. Principal Risks and Uncertainties and Key Performance Indicators

A review of the Group's Principal Risks and Uncertainties and Key Performance Indicators is included in the Directors' Report in the full financial accounts.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME for the year ended 31 DECEMBER 2013

	<i>Notes</i>	<i>2013</i> £	<i>2012</i> £
Continuing Operations			
Revenue		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross loss		-	-
Administrative expenses		(5,263,532)	(4,478,951)
		<hr/>	<hr/>
Operating loss		(5,263,532)	(4,478,951)
		<hr/>	<hr/>
Gain arising on group reorganisation		-	156,266
Finance income and similar items		21,974	4,292
Finance costs		(20,819)	(48,223)
		<hr/>	<hr/>
Net finance gains		1,155	112,335
		<hr/>	<hr/>
Share of gains/(losses) of associates		27,382	(3,128)
		<hr/>	<hr/>
Losses before tax		(5,234,995)	(4,369,744)
		<hr/>	<hr/>
Taxation		-	-
		<hr/>	<hr/>
Losses from continuing operations		(5,234,995)	(4,369,744)
		<hr/>	<hr/>
Other comprehensive income:			
Items that may be re-classified subsequently to Profit or Loss:			
Exchange differences on translating foreign operations		(7,539,789)	815,919
		<hr/>	<hr/>
Total comprehensive loss for the period		(12,774,784)	(3,553,825)
		<hr/>	<hr/>
Loss for the period attributable to:			
Equity holders of the parent		(5,234,995)	(4,369,744)
		<hr/>	<hr/>
		(5,234,995)	(4,369,744)
		<hr/>	<hr/>
Total comprehensive loss attributable to:			
Equity holders of the parent		(12,774,784)	(3,553,825)
		<hr/>	<hr/>
		(12,774,784)	(3,553,825)
		<hr/>	<hr/>
Loss per share:			
Basic and diluted	1	(0.489)p	(0.599)p

The Company has taken advantage of the exemption provided under section 408 of Companies Act 2006 not to publish an income statement. The loss for the year ended 31 December 2013 dealt with in the financial statements of the Company was £2,148,493 (2012: £2,833,516). The Company made no gains or losses which would be reported in other comprehensive income in the year ended 31 December 2013 (2012: £nil) and therefore the Company has not published its statement of total comprehensive income.

CONSOLIDATED BALANCE SHEET as at 31 DECEMBER 2013

	2013 £	2012 £
Non-current assets		
Property, plant and equipment	65,202,837	39,027,018
Goodwill	1,010,816	1,010,816
Other intangible assets	6,827,711	6,651,054
Investment in associate companies	54,428	27,326
Trade and other receivables	1,987,684	1,785,928
	<u>75,083,476</u>	<u>48,502,142</u>
Current assets		
Trade and other receivables	1,632,201	9,127,750
Cash and cash equivalents	31,947,096	26,275,022
	<u>33,579,297</u>	<u>35,402,772</u>
Current liabilities		
Trade and other payables	(2,296,214)	(2,493,325)
	<u>(2,296,214)</u>	<u>(2,493,325)</u>
Net assets	<u><u>106,366,559</u></u>	<u><u>81,411,589</u></u>
Equity		
Share capital	13,749,721	8,247,431
Share premium account	124,591,071	92,363,607
Shares to be issued reserve	3,652,155	3,652,155
Acquisition of non-controlling interest reserve	(3,785,077)	(3,785,077)
Translation reserve	(2,704,284)	4,835,505
Profit and loss account	(29,137,027)	(23,902,032)
Equity attributable to equity holders of the parent	<u><u>106,366,559</u></u>	<u><u>81,411,589</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 DECEMBER 2013

	<i>Share capital</i>	<i>Share premium account</i>	<i>Shares to be issued reserve</i>	<i>Translation reserve</i>	<i>Acquisition of non-controlling interest reserve</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£	£	£	£
Balance at 1 January 2013	8,247,431	92,363,607	3,652,155	4,835,505	(3,785,077)	(23,902,032)	81,411,589
Exchange differences on translating foreign operations	-	-	-	(7,539,789)	-	-	(7,539,789)
Loss for the year	-	-	-	-	-	(5,234,995)	(5,234,995)
Total comprehensive loss for the year	-	-	-	(7,539,789)	-	(5,234,995)	(12,774,784)
Issue of equity share capital	5,502,290	33,013,736	-	-	-	-	38,516,026
Share issue expenses	-	(786,272)	-	-	-	-	(786,272)
Balance at 31 December 2013	13,749,721	124,591,071	3,652,155	(2,704,284)	(3,785,077)	(29,137,027)	106,366,559

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Shares to be issued reserve; being the credit side of the entry relating to the expense recognised in the Statement of Total Comprehensive Income for share based remuneration
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries
- Acquisition of non-controlling interests reserve; being an acquisition in 2011 of 15% of FCF Minerals Corporation's shares after previous acquisitions which had provided the Group with control of the board of the subsidiary company. FCF Minerals Corporation is now 100% owned by Metals Exploration plc following this 15% acquisition.
- Profit and loss account; being the cumulative loss attributable to equity shareholders

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 DECEMBER 2012

	<i>Share capital</i>	<i>Share premium account</i>	<i>Shares to be issued reserve</i>	<i>Translation reserve</i>	<i>Acquisition of non-controlling interest reserve</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£	£	£	£
Balance at 1 January 2012	6,946,736	77,832,313	3,652,155	4,019,586	(3,785,077)	(19,532,288)	69,133,425
Exchange differences on translating foreign operations	-	-	-	815,919	-	-	815,919
Loss for the year	-	-	-	-	-	(4,369,744)	(4,369,744)
Total comprehensive loss for the year	-	-	-	815,919	-	(4,369,744)	(3,553,825)
Issue of equity share capital	1,300,695	15,023,337	-	-	-	-	16,324,032
Share issue expenses	-	(492,043)	-	-	-	-	(492,043)
Balance at 31 December 2012	8,247,431	92,363,607	3,652,155	4,835,505	(3,785,077)	(23,902,032)	81,411,589

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 DECEMBER 2013

	2013 £	2012 £ (restated)
Net cash used in operating activities	<u>(4,773,452)</u>	<u>(3,217,787)</u>
Investing activities		
Purchase of intangible assets	(817,300)	(2,244,126)
Purchase of property, plant and equipment	(22,346,530)	(11,559,422)
Third party deposit for acquisition of PPE	-	(7,746,899)
Net cash used in investing activities	<u>(23,163,830)</u>	<u>(21,550,447)</u>
Financing activities		
Proceeds from issue of share capital	38,516,026	16,324,032
Share issue costs incurred	(786,272)	(492,043)
Net cash arising from financing activities	<u>37,729,754</u>	<u>15,831,989</u>
Net increase/(decrease) in cash and cash equivalents	9,792,472	(8,936,245)
Cash and cash equivalents at beginning of year	26,275,022	36,242,408
Foreign exchange difference	(4,120,398)	(1,031,141)
Cash and cash equivalents at end of year	<u>31,947,096</u>	<u>26,275,022</u>

For the year ended 31 December 2012, £7,746,899 has been reclassified from cash used in operating activities to cash used in investing activities: being deposits committed and held by HSBC Bank plc (Philippines) in respect of property, plant and equipment as at 31 December 2012.

NOTES

1. Loss per share

	2013 £	2012 £
Loss		
Net loss attributable to equity shareholders for the purpose of basic and diluted loss per share	<u>(5,234,995)</u>	<u>(4,369,744)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,070,031,076</u>	<u>729,458,242</u>
Basic and diluted loss per share	<u>(0.489)p</u>	<u>(0.599)p</u>

The loss per share was calculated on the basis of net loss attributable to equity shareholders divided by the weighted average number of ordinary shares. The basic and diluted loss per share is the same, as the exercise of share options and warrants would reduce the loss per share and therefore, are anti-dilutive.

Weighted average number of potential ordinary shares that are not currently dilutive	<u>15,013,333</u>	<u>27,827,083</u>
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2. Annual report and accounts

A copy of the annual report and accounts will be posted to the shareholders shortly and will also be available from the Company's registered office, 200 Strand, London, WC2R 1DJ, and on the Company's website: www.metalsexploration.com. Notice of an annual general meeting of the Company to be held at 11:00 a.m. on 26 June 2014 will be posted together with the annual report and financial statements.

3. Financial information

The financial information set out in this announcement does not comprise the Group's statutory accounts for the year ended 31 December 2013 or for the year ended 31 December 2012.

The financial information has been extracted from the statutory accounts of the Group for the year ended 31 December 2013 and the year ended 31 December 2012. The auditors reported on these accounts. Their reports were unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006. The year ended 31 December 2012 accounts did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report. The auditors drew attention to the Going Concern principal by way of emphasis of matter in their report on the year ended 31 December 2013 accounts.

The statutory accounts for the year ended 31 December 2012 have been delivered to the Registrar of Companies, whereas those for the year ended 31 December 2013 will be delivered to the Registrar of Companies following the Company's annual general meeting.

The accounting policies are consistent with those applied in the preparation of the interim results for the period ended 30 June 2013 and the statutory accounts for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

For further information, please contact:

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