

METALS EXPLORATION PLC

CORPORATE UPDATE

Metals Exploration plc (AIM: MTL) ("Metals Exploration" or "the Company"), the natural resources exploration and development company with assets in the Pacific Rim region, is pleased to provide an operations update on matters relating to its Runruno gold-molybdenum project ("the Project") and exploration activities in the Philippines.

AIM Code : MTL

At: 05 December 2011

Shares in Issue: 694,673,626

Options in Issue: 14,725,000

Warrants in Issue: 17,010,000

Directors:

Ian Holzberger, Executive Chairman

Jonathan Beardsworth

Timothy Dean – acting Finance Director

Edward Parsons

Guy Walker

Richard Williams

Management:

Ian Holzberger, Executive Chairman

Liam Ruddy, Company Secretary, CFO

Craig Watkins, Country Manager

Chevy Albo, Finance & Administration

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Highlights

- Metals Exploration increases its beneficial interest in the Runruno Gold project to 100% by exercising its Option Agreement with Christian Mining Inc.
- The acquisition cost US\$44.44 per reserve ounce of gold acquired (135,000ozs) for a total of US\$6.0 million.
- Early site construction works have commenced with earth works initiated on the processing plant pad.
- A Letter of Intent has been issued to Leighton Contractors (Asia) Limited ("Leighton") to enter into an Engineering and Construct contract and a Procurement contract to design and construct the Runruno processing plant.
- The Letter is subject to a number of pre-requisites.
- Detailed design and engineering works for the processing plant have commenced with Leighton.
- FCF Minerals Corporation ("FCF"), a Philippine operating subsidiary, was recognised as an outstanding achiever at the recent National Mine Safety and Environment Awards.
- FCF received three awards for environment and safety performance including the coveted Presidential Mineral Industry Environmental Award (Exploration Category).

Ian Holzberger, Executive Chairman, commented:

"The acquisition of the interest in the Runruno Gold project that the Company did not own for a modest US\$44.44 per reserve ounce of gold, by the exercise of our pre-existing option agreement with Christian Mining Inc is very satisfying. It must be considered to offer a significant value add for the Company.

"It is equally satisfying that since the Company secured the Declaration of Mining Project Feasibility, it has been able to take tangible steps towards the ultimate full development of the Runruno project. The issue of a Letter of Intent to Leighton with regard to the design and construction of the processing plant, the initiation of early site works and the commencement of detailed design activities, whilst it finalises a debt package to fund the full development, will shorten the construction timetable and add value.

"The recognition of the Company's environment and safety performance at the recent National Mine Safety and

About Runruno Gold Project,

Location: Central Luzon, Philippines
320km north of Manila.

Status: Development ready, Feasibility study completed May 2010.

Mine life: 10.3 years.

Payable Au: 1 million ozs.

Annual Production:

Year 1-5: 101,800 ozs Au ave.
Years 6-10: 92,700ozs Au ave.

Capital Cost¹: US\$167.8m

Operating Cost²: US\$ 477/oz Au

Mining: Open pit, truck and shovel operation.

Operational Strip Ratio: 5.2:1 waste to ore.

Processing: gravity, BIOX® oxidation and CIL to recover gold as doré bullion.

2P Reserves³: 15mt @ 1.85g/t Au and 603 ppm Mo.

Mineral Resource³: 26mt @1.69 g/t Au and 453ppm Mo, including reserves.

Upside: by-product molybdenum, mine life extension, highly prospective mineralised system..

Notes:

1. Capital Cost updated October 2011 - estimated in Q3 2011 US\$.
2. May 2010 Feasibility Study - estimated in Q4 2009 US\$.
3. Refer to Company website, www.metalexploration.com for complete Mining Reserve and Mineral Resource statements.

Environment Awards acknowledges its achievements in respect of the environment and its workforce and its commitment to being a responsible miner. The awards bear testament to the expertise and commitment of the Company's employees."

Acquisition of Remaining 15% of the Runruno Project

The Company has exercised its pre-existing option with Christian Mining Inc, a domestic Philippine company, to purchase the remaining 15% of the FCF shares in issue it did not own for US\$6.0 million.

FCF is a domestic Philippine company whose sole asset is a 100% interest in the Runruno Gold project. At completion the purchase will take Metals Exploration's beneficial ownership of Runruno to 100%.

The cost of the option is equivalent to US\$44.44 per reserve ounce or US\$28.78 per mineral resource ounce (inclusive of reserve ounces).

It is expected that the purchase will go to completion over the next six weeks upon the shares being registered in the Company's name.

Commencement of Early Site Works

Following the issue of the Declaration of Mining Project Feasibility, a program of early site works has been approved by the Board for execution over a five month period. Work has commenced on the preparation of the processing plant pad.

Letter of Intent Issued to Leighton Contractors (Asia) Pty Ltd

The Company has issued a Letter of Intent ("LOI") to Leighton Contractors (Asia) Limited (Leighton) to enter into an Engineering and Construct contract and a Procurement contract ("EC&P") to design and construct the Runruno processing plant subject to availability of debt funding, final Board construction approval and full contract documentation.

The LOI has been issued against Leighton's Guaranteed Maximum Price ("GMP") offer to the Company of US\$95.1 million to construct the Runruno processing plant. Leighton's offer is subject to revalidation at the time of execution of the construction contract.

The Company has also entered into an agreement with Leighton to undertake a program of detailed design in advance of the EC&P contracts being executed but captured

under the GMP cost. This work will be undertaken over a period of up to five months to sufficiently advance the engineering design so as to enable on-site works to commence on execution of the EC&P contract and the ordering of long lead time items of plant as necessary.

FCF Highly Recognised at the Mineral Industry Environmental and Safety Awards

The Company's Philippine operating subsidiary, FCF, was recognised as an outstanding achiever at the 2011 Presidential Minerals Industry Environmental Awards at the conclusion of the National Mine Safety and Environment Conference. FCF received three awards, demonstrating its commitment to responsible mining, the environment and a zero harm culture:

- The 2011 Presidential Mineral Industry Environment Award (Exploration Category);
- Safest large scale Exploration project; and
- Runner-up in the Best Mining Forests Award - Exploration Category.

The awards were determined following a rigorous review of the Company's "on the ground" activities, policies and procedures by the nominations and assessment committee.

Approval

Mr Ian Holzberger, a director of the Company, who has been involved in the mining industry for more than 39 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.

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.