

Regulatory Story

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Metals Exploration PLC - MTL Equity Raising
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METALS EXPLORATION PLC

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

Equity Raising

Metals Exploration is pleased to announce that it has obtained commitments to raise approximately US \$6.4 million (£4.85 million) via the issue of a total of 97,002,174 new ordinary shares of 1 pence each in the Company (the "**Placing Shares**") at a price of 5.0 pence per new ordinary share, from certain existing shareholders (the "**Placing**").

Following the announcement by the Company on 26 August that it was in discussions with its major shareholders to raise additional working capital, these discussions have successfully concluded and the Runruno gold project (the "Project") will have access to US \$6.4 million on or about 13 September 2016.

As explained in the announcement of 26 August 2016, the main reasons why the Company requires to raise additional finance, having previously raised US \$5 million in a private share placement in July 2016, are because the debt restructuring process continues to take longer than expected and because of delays experienced in realising revenue from the Project.

1. Debt restructuring progress

The debt restructuring process commenced in March 2016. The process is still ongoing with good progress achieved recently. Following this progress, it is now expected that the debt

restructuring should be concluded later in September 2016, for the benefit of all stakeholders. The economic deliverables of the Project will be realigned with a restructured debt package to enable the Company to meet its financial obligations to its lenders in a structure better suited to the Project. Previously reported time delays experienced on the Project have hindered the Project from realising sustainable cash flow and, subsequently, to meet its financial obligations under the current debt package.

A waiver has been agreed with the lenders, which will allow the repayment of the principal sum due on 30 June 2016 to be repaid on the earlier of 31 October 2016 or on successfully restructuring the debt. A principal amount of US \$15m was due to be paid on 30 June 2016 and to date US \$161k of associated interest has been paid to the lenders.

2. ISO14001:2015 accreditation

As a requirement of the Mines and Geosciences Bureau (the "MGB") all operating mining companies in the Philippines are required to achieve ISO14001 accreditation. The Company is pleased to announce that the Project has obtained this accreditation and certification on 23 August 2016.

With the Project having obtained the ISO14001:2015 certificate of environmental compliance the Project is finalising some preliminary requirements with the objective of moving towards commencing the process of exporting its first shipment of gold. A further announcement will be made in the near future when this process has commenced.

3. The Fundraising

The Placing

The Company has received commitments for subscriptions totalling gross proceeds of US\$6.388 million via the issue of 97,002,174 new issue shares at a price of 5.0 pence per Placing Share. The Placing Shares are expected to be admitted to trading on AIM at 8.00 a.m. on 14 September 2016. The Placing Shares have been subscribed for by; MTL (Luxembourg) Sarl, Runruno Holdings Limited, Baker Steel Capital Managers LLP (acting on behalf of various Funds for which it acts as full discretionary Investment Manager), Investec Wealth & Investment Ltd, Lynchwood Nominees Ltd and HSBC Marking Name Nominee (the "**Subscribers**"). No commission is payable on this transaction.

The subscription price of 5.0 pence per new ordinary share represents an 11.1 per cent discount to the closing mid-price of 5.625 pence per ordinary share as at 7 September 2016, and a 2.6 per cent discount to the 1-year average closing mid-price of 5.136 pence per ordinary share.

Shareholdings of the Subscribers

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

Shareholders	Prior to the Equity Subscription		Following the Equity Subscription	
	Number of shares	%	Number of shares	%
MTL (Luxembourg) entity ¹	868,133,528	48.03	924,685,795	48.55
Runruno Holdings Ltd	351,993,065	19.47	374,924,379	19.69

Baker Steel Capital Managers LLP ²	149,907,490	8.29	156,175,609	8.20
Investec Wealth & Investment Ltd	119,033,014	6.59	126,033,488	6.62
Lynchwood Nominees Ltd	2,633,783	0.15	6,383,783	0.34
HSBC Marking Name Nominee	5,000,756	0.28	5,500,756	0.29

Notes:

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

4. Total voting rights

Following Admission of the Shares the Company's enlarged issued share capital will comprise 1,904,436,469 ordinary shares. The Company does not hold any ordinary shares in treasury. Therefore, the total number of ordinary shares in the Company will be 1,904,436,469. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

Ian Holzberger, Executive Chairman, commented:

"The Project is in its ramp up stage and it should achieve design specifications within the next two or three months' period. During the month of September 2016, the first gold dore export shipment is eagerly anticipated and will be a precursor to the Project realising sustainable cash flow out of operations. There are still some final administrative requirements to be completed before this can happen. I would like to extend my gratitude and the gratitude of the Board of Directors to the shareholders for their understanding and continued support to the Project."

This announcement contains inside information.

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

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