

31 July 2012

Metals Exploration Plc

(“Metals Exploration” or the “Company”)

Proposals to raise USD\$130,000,000 of equity and debt to fund Runruno mine construction

Metals Exploration is pleased to announce that it has obtained commitments to raise approximately USD\$25 million via the issue of 124,069,477 new ordinary shares of 1 pence each in the Company (the “**Placing Shares**”) at a price of 13 pence per new ordinary share, from certain existing shareholders (the “**Equity Subscription**”) and has agreed with Solomon Capital Limited (“**Solomon Capital**”), subject to contract, for the provision of loan facilities totalling USD\$105 million (the “**Loan Facilities**”) (together the “**Proposals**”).

A circular (the “**Metals Exploration Circular**”) will shortly be posted to Shareholders to provide further information on the Proposals and to seek the necessary authorities from Shareholders to allot and issue the Placing Shares.

1. Background to and reasons for the Proposals

As previously announced, the Company has been seeking to arrange funding for the development of its Runruno Project throughout 2011 and 2012.

In 2011, the Company appointed an experienced global investment bank to advise on the debt funding for the project and the Company has made a number of announcements regarding its progress.

As previously communicated to Shareholders, sourcing of a preferred provider, negotiation of a term sheet, completion of due diligence and full documentation proceeded throughout 2012. However, these negotiations encountered difficulties in July when the preferred provider sought to vary the agreed commercial terms materially and introduce new conditions which, in the Board's view, were potentially adverse to the interests of the Company and put its ability to complete the debt funding at considerable risk. Solomon Capital, a significant shareholder of the Company, has now offered an alternative proposal on more favourable overall terms than had been offered by the previously preferred provider. The Company has reached agreement with Solomon Capital, subject to contract, for the provision of loan facilities totalling USD\$105 million and discontinued documentation with the previously preferred provider.

In conjunction with the loan facilities, the Company has agreed with Solomon Capital and certain other shareholders an equity subscription of USD\$25 million.

The Company expects that following receipt of funds from the Proposals it will have in place sufficient capital to complete the construction of the mine at its Runruno Project.

2. The Proposals

The Equity Subscription

The Company has received commitments for subscriptions totalling approximately USD\$25 million via the issue of 124,069,477 Placing Shares at a price of 13 pence per Placing Share. The Equity Subscription is conditional on the passing of the necessary resolutions by Shareholders at a general meeting to allot and issue the Placing Shares and admission to trading on AIM (“**Admission**”). Subject to the passing of the

relevant shareholder resolutions, the Placing Shares are expected to be allotted and issued on 28 September 2012 and Admission is expected to occur at 8.00 a.m. on 3 October 2012. The Placing Shares have been subscribed for by Solomon Capital Limited, Baker Steel Capital Managers, and Runruno Holdings Limited (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 Equity Subscription is considered a related party transaction under AIM Rule 13.

The subscription price of 13 pence per new ordinary share represents a 52.9 per cent. premium to the closing mid-price of 8.5 pence per ordinary share as at 27 July 2012, and an 8.8 per cent. premium to the 1-year average closing mid-price of 11.95 pence per ordinary share.

The Loan Facilities

The Company has agreed with Solomon Capital, subject to contract, a term loan facility of USD\$105 million. The facility will have a 4 year term commencing at first utilisation and an annual interest rate of 20 per cent. Repayment will be made by instalments matched to cashflow. Management expect to draw down the facility in stages and that the repayment schedules will be satisfied within the 4 year term. Interest will only accrue on outstanding funds. Solomon Capital is a substantial shareholder of the Company and as such, the provision of the Loan Facility is considered a related party transaction under AIM Rule 13.

Shareholdings of the Subscribers

The shareholdings of the Subscribers prior to and following the completion of the proposed Equity Subscription are as follows:

Shareholdings	Prior to the Equity Subscription		Following the Equity Subscription	
	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
Solomon Entity ¹	324,614,781	46.46	390,694,578	47.49
Baker Steel Capital Managers	158,295,261	22.66	190,693,092	23.18
RHL Entity ²	125,041,346	17.90	150,633,195	18.31

Notes:

- Solomon Entity includes Solomon Capital Limited, Shelfco 724 Limited, Mrs Emily Crompton Candy and Mr Jonathan Beardsworth
- RHL Entity includes Runruno Holdings Limited and Mr Graham Edwards

3. General Meeting and Admission

The Metals Exploration Circular will incorporate a notice of General Meeting to convene a General Meeting of the Company to be held at 11.00 a.m. on 30 August 2012 at 200 Strand, London WC2R 1DJ. The General Meeting will consider, *inter alia*, resolutions to authorise the Directors to allot and issue the Placing Shares and dis-apply statutory pre-emption rights.

It is expected that dealings in the Placing Shares will commence on 3 October 2012, following Admission.

4. Conclusion

The Company entering into the Proposals with, *inter alia*, Solomon Capital, Baker Steel Capital Managers and Runruno Holdings Limited constitutes a related party transaction under Rule 13 of the AIM Rules. Messrs Dean, Parsons, Walker and Williams, having been appointed to the Board by various of the major shareholders taking part in the Proposals, are precluded from opining thereon. Accordingly, Ian Holzberger, the Independent Director, having consulted with Westhouse Securities, the Company's nominated adviser, considers that the terms of the Proposals are fair and reasonable insofar as shareholders are concerned.

Ian Holzberger, Executive Chairman, commented:

"I am delighted that we have been able to procure this financing proposal, in the face of a difficult global outlook for both equity and debt funding. We now look forward to moving forward into the full construction phase on completion of documentation of the debt funding."

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

Metals Exploration PLC	info@metalsexploration.com
Ian R. Holzberger (Chairman)	+63 (0) 9189 795 992 +61 (0) 418 886 165
Liam A. Ruddy (Company Secretary)	+44 (0) 207 869 5109 +44 (0) 7911 719960
Nominated Adviser Westhouse Securities Ltd Tom Price Martin Davison Paul Gillam	+44 (0) 207 601 6100
Public Relations Tavistock Communications Edward Portman Jos Simson	+44 (0) 207 920 3168 +44 (0) 207 920 3157