METALS EXPLORATION PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 announce its interim results for the six months ended 30 June 2011.

Chairman's Statement

I am pleased to present this interim report for the six month period ended 30 June 2011.

Activities in 2011 have focused on the successful resolution of the contested takeover by Solomon Capital Limited for the Company, an equity injection into the Company in support of its objective to develop the Runruno gold mine, preparations for the commencement of construction, financing of the proposed development, a step-out drilling programme south of the proposed pit and the initiation of systematic regional exploration.

Placing of Shares and Exercise of Options

As previously reported and by way of raising working capital towards the construction of the Runruno project, and to assist with the resolution of a dispute between minority shareholders and Solomon Capital Limited, the Subscription and Shareholders Agreement ("SSA") dated 8 March 2011 proposed a three stage process:

- A placing of, in aggregate, 92,307,692 ordinary shares at 13p per ordinary share, with Runruno Holdings Limited (76,923,077 ordinary shares) and Williams De Broë (15,384,615 ordinary shares).

- Simultaneously to the placing above, Metals Exploration would drawdown the balance of the Solomon Capital Limited loan facility. At the date of the agreement the balance of the loan facility was £7,250,000 and it is proposed that Shelfco724 Limited (a related party to Solomon Capital Limited) shall immediately serve notice upon Metals Exploration to convert the entire loan of £13 million into 100,000,000 new ordinary shares at 13p per ordinary share.

- Upon completion of the SSA, Metals Exploration enters into option agreements pursuant to which the Company will grant options to both Solomon Capital Limited and Runruno Holdings Limited to subscribe for such number of new Metals Exploration shares at 13p per share which will enable them (together with persons acting in concert with them) to hold 65 per cent and 18 per cent respectively of the enlarged share capital.

I take great pleasure confirming that all of the shares proposed in the placing to Runruno Holdings Limited and Williams de Broë have been subscribed for; that all of the £13 million has been converted into new ordinary shares held by Shelfco724 Limited; and that the maximum number of shares available to Runruno Holdings Limited and Solomon Capital Limited under the option agreements have been subscribed for. After deducting commissions payable on these new shares Metals Exploration has benefited from incremental net proceeds totalling £18.3 million of shareholders' equity as of 30 June, 2011, and a grand incremental total of £47.5 million after all of the options were exercised post 30 June, 2011.

During the process of exercising the options available to it Solomon Capital Limited entered into an agreement with Baker Steel Capital Managers LLP, an existing and significant shareholder, whereby upon exercising its rights under its option agreement and on issue of the resultant shares, Solomon Capital Limited immediately transferred some of the shares to funds managed by Baker Steel Capital Managers LLP. I am very pleased to note that Baker Steel Capital Managers LLP, a leading independent natural resources investment group have increased their shareholding and support in Metals Exploration. Solomon Capital Limited retained the balance of the shares issued pursuant to the exercise of its options for its own benefit.

The table below outlines the shareholding as at 30 June, 2011 and the new and enlarged shareholding in Metals Exploration following on from the completion of the three stage process identified above.

	Pre SSA and option agreements	% held overall	Holding as of 30 June 2011	% held overall	Completion of three stage process	% held overall
Solomon Capital Limited & Shelfco724 Limited (Related parties)	180,706,958	66.92%	247,604,617	53.55%	322,864,781	46.48%
Runruno Holdings Limited & Mr Graham Edwards (Related parties)	19,001,919	7.04%	95,924,996	20.75%	125,041,346	18.00%
Williams De Broë	22,276,850	8.25%	37,006,365	8.00%	37,006,365	5.33%
Baker Steel Capital Managers LLP	19,267,654	7.13%	19,267,654	4.17%	151,190,730	21.76%
Others	28,812,963	10.66%	62,570,404	13.53%	58,570,404	8.43%
Total Shares In Issue	**270,066,344**		**462,374,036**		**694,673,626**	

Table 1: *Comparison of current shareholding to the shareholding as at 30 June, 2011 and the shareholding prior to the Subscription and Shareholders agreement dated 8 March, 2011(agreed in a General Meeting of the Shareholders on 4 April, 2011).*

I would like to extend my sincere thanks to our shareholders for finding an agreeable solution to the earlier dispute and for their financial and continued support for Metals Exploration. The Company is adequately funded because of these shareholder contributions and this should be well received by potential debt lenders as we seek to secure additional funding to build the processing plant and excavate the mine at Runruno.

Company Remains AIM Quoted

The SSA dated 8 March, 2011 was approved at a General Meeting of the shareholders on 4 April, 2011. Clause 6.3 of the SSA provided a three month window for the Company's Board of Directors to decide if they would de-list Metals Exploration from AIM and re-register it as a limited company. The Board of Directors reviewed the position and resolved to retain the AIM quotation.

Director Changes

The SSA has also provided for certain shareholders to nominate an additional three directors to join the Board of Metals Exploration. Mr. Richard Williams and Mr. Ed Parsons were appointed as non-executive directors to the Board on 4 April, 2011 nominated by Solomon Capital Limited. Mr. Guy Walker was appointed to the Board as a non-executive director on 10 May, 2011 nominated by Runruno Holdings Limited.

Capital Structure

The fully diluted share capital of the Company as at 30 June, 2011 is shown in Table 2 below.

	No of Shares
Shares in free issue	462,374,036
Warrants	18,010,000
Staff options	14,980,000
Solomon Capital Limited options per the SSA	202,183,240
Runruno Holdings Limited options per the SSA	29,116,350
Fully diluted share capital	**726,663,626**

Table 2: *Fully diluted shareholding in Metals Exploration PLC as at 30 June, 2011*

In the period subsequent to 30 June, 2011 the following additional ordinary shares were issued:

- a warrant holder exercised the right to subscribe for 1 million ordinary shares at an exercise price of 3.25p per share on 12 July, 2011.

Operations

Throughout 2011 we have been eagerly awaiting the approval of the Declaration of Mining Project Feasibility ("DMF") from the Mines and Geosciences Bureau ("MGB"). The Company is satisfied that it has complied with all of the requirements for the issuance of the DMF with the process now largely out of our direct control. We wait in anticipation for the issue of this important approval which will move the project forward into the development and construction phase. This will be a critical milestone in the evolution of Metals Exploration PLC as it metamorphs from an exploration group into a production group.

Feasibility studies have concluded the Runruno deposit project is expected to yield on average 96,700 oz of gold ("Au") per annum over an initial mine life of 10.3 years. The Feasibility Study, which was completed in May 2010, forecast an economically and technically viable mining operation at Runruno with gross operating costs estimated at $US 477 per oz Au recovered. Since that time the price of gold has risen strongly from circa $US 950 per oz Au to the current price circa $US 1,850 per oz Au and whilst it is expected that capital and operating costs will increase slightly, the economics of the project have improved strongly. Currently the capital cost which was estimated at $US 149.3 million and the operating costs are being updated to reflect the prevailing cost environment.

The studies also confirmed the potential to recover molybdenum ("Mo") from the Runruno gold ores using a novel hydrometallurgical process. Testwork is continuing in an effort to develop a viable molybdenum recovery process with encouraging results reported. However, recognising that molybdenum production could only ever be considered a by-product of gold production with potential revenues at best being 10% of those forecast for gold, and the risks involved in the construction, commissioning and operation of a novel processing circuit, the Runruno project is currently based solely on the recovery of gold with no credits for molybdenum included in the production or economic models. Should the ongoing molybdenum recovery testwork programs confirm a viable circuit, it is expected that once production from the gold project has been ramped up to design output and is established as a stable operation then retrofitting a molybdenum recovery circuit as an off-take from the gold circuit will be considered.

Recent exploration work and drilling activities within the Runruno Financial or Technical Assistance Agreement ("FTAA") area have provided encouraging signals for a potential extension of Au and Mo mineralization south of the proposed Runruno pit boundary and perhaps the presence of porphyry copper ("Cu") mineralization elsewhere within the FTAA. Further work is required to establish the potential of these mineral occurrences.

Significant progress has been made in the early works phase of the Runruno project as we plan for the commencement of the site earthworks, establishment of temporary facilities to support construction and the mobilization of contractors, people and equipment to begin operations on site once the DMF has been issued.

Various packages of work in this stage will be tendered amongst local companies providing employment and revenues to local communities in and around the Runruno area. The processing plant engineering, construction and procurement contract with Leighton Contractors (Asia) Ltd, Philippines branch is nearing completion and it is expected a Letter of Intent will be signed with them in Q4 2011 for construction to begin once full development funding is in place. The Company is actively sourcing debt funding to support the development.

I am looking forward to entering into the next phase of the Company's development and the challenges of constructing a process plant for gold recovery, and realizing the potential of Runruno.

I R Holzberger

Executive Chairman

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CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME for the six months ended 30 June 2011

	Note	*6 month period ended 30 June 2011 (unaudited)* £	*6 month period ended 30 June 2010 (unaudited)* £	*year ended 31 December 2010 (audited)* £
Continuing Operations				
Revenue		–	–	–
Cost of sales		–	–	–
Gross loss		–	–	–
Administrative expenses		(1,551,197)	(1,661,853)	(4,270,826)
Operating loss		(1,551,197)	(1,661,853)	(4,270,826)
Finance income		4,055	37,711	37,882
Finance costs		(227,784)	(90,855)	(293,928)
Loss before taxation		(1,774,926)	(1,714,997)	(4,526,872)
Taxation		–	–	–
Loss for the period		(1,774,926)	(1,714,997)	(4,526,872)
Other comprehensive (costs)/income:				
Exchange differences on translating foreign operations	3	(574,132)	281,120	820,987
Total comprehensive loss for the period		(2,349,058)	(1,433,877)	(3,705,885)
Loss for the period attributable to:				
Equity holders of the parent		(1,742,146)	(1,620,536)	(4,289,219)
Non-controlling interests		(32,780)	(94,461)	(237,653)
		(1,774,926)	(1,714,997)	(4,526,872)
Total comprehensive loss attributable to:				
Equity holders of the parent		(2,215,175)	(1,379,738)	(3,587,145)
Non-controlling interests		(133,883)	(54,139)	(118,740)
		(2,349,058)	(1,433,877)	(3,705,885)
Loss per share:				
Basic and diluted	4	(0.48)p	(0.60)p	(1.59)p

CONSOLIDATED INTERIM BALANCE SHEET as at 30 June 2011

	As at 30 June 2011 (unaudited)	*As at 30 June 2010 (unaudited)*	*As at 31 December 2010 (audited)*
	£	*£*	*£*
Non-current assets			
Property, plant and equipment	779,412	1,080,260	963,596
Goodwill	1,010,816	1,010,816	1,010,816
Other intangible assets	27,171,894	21,496,952	24,871,456
Trade and other receivables	-	626,902	-
	28,962,122	24,214,930	26,845,868
Current assets			
Trade and other receivables	239,027	274,198	231,713
Cash and cash equivalents	17,047,931	1,584,625	1,192,667
	17,286,958	1,858,823	1,424,380
Current liabilities			
Trade and other payables	(591,623)	(598,428)	(823,788)
Short-term borrowings	(2,000,000)	-	(6,000,000)
	(2,591,623)	(598,428)	(6,823,788)
Non-current liabilities			
Long-term borrowings	-	(2,000,000)	-
	-	(2,000,000)	-
Net assets	43,657,457	23,475,325	21,446,460
Equity			
Share capital	4,623,740	2,697,163	2,697,163
Share premium account	50,955,930	28,783,007	28,783,007
Shares to be issued reserve	3,575,064	2,871,366	3,114,509
Translation reserve	3,387,003	3,398,756	3,860,032
Profit and loss account	(19,011,008)	(14,600,179)	(17,268,862)
Equity attributable to equity holders of the parent	43,530,729	23,150,113	21,185,849
Non-controlling interests	126,728	325,212	260,611
Total Equity	43,657,457	23,475,325	21,446,460

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY for the six months ended 30 June 2011

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Translation reserve*	*Profit and loss account*	*Non controlling interest*	*Total equity*
	£	£	£	£	£	£	£
Balance as at 1 January 2011	2,697,163	28,783,007	3,114,509	3,860,032	(17,268,862)	260,611	21,446,460
Exchange differences on translating foreign operations	-	-	-	(473,029)	-	(101,103)	(574,132)
Loss for the year	-	-	-	-	(1,742,146)	(32,780)	(1,774,926)
Total comprehensive loss for the period	-	-	-	(473,029)	(1,742,146)	(133,883)	(2,349,058)
Movement in share based payments	-	-	460,555	-	-	-	460,555
Issue of equity share capital	1,926,577	23,115,423	-	-	-	-	25,042,000
Share issue expenses	-	(942,500)	-	-	-	-	(942,500)
Balance as at 30 June 2011 (unaudited)	4,623,740	50,955,930	3,575,064	3,387,003	(19,011,008)	126,728	43,657,457

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 income statement for share based remuneration
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries
- Non controlling interest; being the net assets attributable to non controlling shareholders
- Profit and loss account; being the cumulative loss attributable to equity shareholders

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY for the six months ended 30 June 2010

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Translation reserve*	*Profit and loss account*	*Non controlling interest*	*Total equity*
	£	*£*	*£*	*£*	*£*	*£*	*£*
Balance as at 1 January 2010	2,697,163	28,783,007	2,719,676	3,157,958	(12,979,643)	379,351	24,757,512
Loss for the period	-	-	-	-	(1,620,536)	(94,461)	(1,714,997)
Other comprehensive income	-	-	-	240,798	-	40,322	281,120
Total comprehensive income/(loss) for the period	-	-	-	240,798	(1,620,536)	(54,139)	(1,433,877)
Movement in share based payments	-	-	151,690	-	-	-	151,690
Issue of equity share capital	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Balance as at 30 June 2010 (unaudited)	2,697,163	28,783,007	2,871,366	3,398,756	(14,600,179)	325,212	23,475,325

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY for the year ended 31 DECEMBER 2010

	Share capital	Share premium account	Shares to be issued reserve	Translation reserve	Profit and loss account	Non controlling interest	Total equity
	£	£	£	£	£	£	£
Balance as at 1 January 2010	2,697,163	28,783,007	2,719,676	3,157,958	(12,979,643)	379,351	24,757,512
Exchange differences on translating foreign operations	-	-	-	702,074	-	118,913	820,987
Loss for the year	-	-	-	-	(4,289,219)	(237,653)	(4,526,872)
Total comprehensive income/(loss) for the year	-	-	-	702,074	(4,289,219)	(118,740)	(3,705,885)
Movement in share based payments	-	-	394,833	-	-	-	394,833
Issue of equity share capital	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Balance as at 31 December 2010	2,697,163	28,783,007	3,114,509	3,860,032	(17,268,862)	260,611	21,446,460

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 income statement for share based remuneration
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries
- Non controlling interest; being the net assets attributable to non controlling shareholders
- Profit and loss account; being the cumulative loss attributable to equity shareholders

CONSOLIDATED INTERIM CASH FLOW STATEMENT for the period ended 30 June 2011

	6 month period ended 30 June 2011 (unaudited)	*6 month period ended 30 June 2010 (unaudited)*	*year ended 31 December 2010 (audited)*
Operating activities	£	£	£
Loss after taxation	(1,774,926)	(1,714,997)	(4,526,872)
Depreciation	178,768	175,317	362,535
Amortisation	6,429	10,097	57,534
Revaluation of investment designated at fair value through (profit) and loss	-	(37,357)	(37,357)
Impairment of carrying costs of exploration in respect of PT Cupati	-	-	200,630
Share based payment expense	460,555	151,690	394,833
Net interest payable	218,441	90,501	293,404
(Increase)/decrease in receivables	(7,365)	1,782,018	1,890,401
(Decrease)/increase in payables	(232,114)	(157,301)	68,057
Foreign exchange differences	170,990	276,873	70,297
Cash used in operations	(979,222)	576,841	(1,226,538)
Interest received	4,055	354	524
Interest paid	(222,496)	(90,855)	(293,928)
Net cash (used)/generated in operating activities	(1,197,663)	486,340	(1,519,942)
Investing activities			
Purchase of intangible assets	(2,883,597)	(2,431,264)	(5,076,813)
Purchase of property, plant and equipment	(16,534)	(30,477)	(69,502)
Proceeds from sale of investment designated at fair value through profit and loss	-	442,753	442,753
Net cash used in investing activities	(2,900,131)	(2,018,988)	(4,703,562)
Financing activities			
Proceeds from issue of share capital	24,099,500	-	-
(Repayment of)/proceeds from short term borrowings	(4,000,000)	-	4,000,000
Net cash from financing activities	20,099,500	-	4,000,000
Net increase/(decrease) in cash and cash equivalents	16,001,706	(1,532,648)	(2,223,504)
Cash and cash equivalents at beginning of period	1,192,667	3,403,812	3,403,812
Foreign exchange differences	(146,442)	(286,539)	12,359
Cash and cash equivalents at end of period	17,047,931	1,584,625	1,192,667

Notes to the consolidated interim financial statements

1. General information

Metals Exploration plc is the parent company of the Group. Its shares are listed on the AIM market of the London Stock Exchange. The registered address of Metals Exploration plc is 200 Strand, London, WC2R 1DJ.

These consolidated interim financial statements were approved by the Board of Directors on 19 September, 2011

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory accounts for the year ended 31 December 2010 which were prepared under International Financial Reporting Standards ("IFRS") as adopted for use in the European Union, were filed with the Registrar of Companies. The auditors reported on these accounts, their report was unqualified and did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and, did not contain any statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

2. Basis of preparation

These consolidated interim financial statements are for the six month period ended 30 June 2011. They have been prepared in accordance with IFRS as adopted for use in the European Union with the exception of IAS 34: Interim Financial Reporting. IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Board of Directors expect to be applicable as at 31 December 2011.

These financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

3. Foreign exchange gains and losses

Foreign exchange gains and losses on intercompany balances between the Company and its subsidiaries are taken to the translation reserve within equity on consolidation.

Notes to the consolidated interim financial statements (continued)

4. Loss per share

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.

	6 month period ended 30 June 2011 (unaudited)	*6 month period ended 30 June 2010 (unaudited)*	*year ended 31 December 2010 (audited)*
	£	*£*	*£*
Loss			
Net loss attributable to equity shareholders for the purpose of basic and diluted loss per share	(1,742,146)	(1,620,536)	(4,289,218)
Number of shares			
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	362,885,062	269,716,344	269,716,344
Basic and diluted loss per share	(0.48)p	(0.60)p	(1.59)p

The basic and diluted loss per share is the same, as the exercise of staff share options and warrants would reduce the loss per share and therefore, are anti-dilutive.