Contents

Chairman's Statement

I am pleased to present the Chairman's Report for the six month period ended 30 June 2013.

During the period under review, the Group reported a loss of £2,453,702 and as at 30 June 2013 the Group has liquid cash balances of £40,621,854. In the same period the Group has raised net contributions of £22,877,677 by share subscription, issuing 333,726,333 new ordinary 1pence shares. Capital expenditure in the six month period was £6,547,214 and in addition there was a deposit amount of £7,746,899, previously held as security for a letter of credit, released by our bank in the Philippines to complete the acquisition of the Komatsu mining equipment.

Most of the infrastructure works in the Runruno project site area have been completed or are nearing completion which will facilitate the main construction works of the gold processing plant. Execution of the main construction project commenced 1st July 2013 and most of the long lead-time packages have been awarded. It is expected that various civil works will commence in September including pouring concrete to establish several of the major pads and plinths. The construction project is being self-executed in conjunction with several key consultant partners and progress has been excellent to date. The construction schedule is well advanced and it is planned to take approximately fifteen months with first gold being poured in Q4 2014. I am excited with the developments at site and very pleased with the supporting infrastructure we have completed with mainly local Filipino labour and contractors. The changing mining environment has been beneficial for us, enabling us to employ high calibre expats to the project team which will enable the processing plant to be constructed under our own management and supervision. This would have been much more difficult twelve months previously and although this will mean taking all of the construction risk it has provided the latitude to redesign where we believe it will add benefit to the project, without adding financial burden that might otherwise have compromised our ability to do so.

In particular the completion of stage one of the power line connection to the national power grid which allows us to bring lower voltage power to site to support construction is very pleasing and brings many additional benefits to the barangay of Runruno. Stage two of the power line construction which will complete the high-voltage connection at the Bayombong switchyard has now commenced. The financial benefit of using grid power rather than diesel fuel will be crystallised in both construction and operations although back up diesel generators are being installed progressively to support the project. The implementation of a more reliable and cleaner water supply to site and the community gives me great pleasure.

The arrival of a suite of Komatsu branded mining equipment including six rigid body HD785 dump trucks, two large excavators, a road grader and two of the largest bulldozers in the Philippines has been a great enhancement for mining. The work to date on the mine haul road and the starter pit has been undertaken with vastly inferior equipment and we can now make great strides with the new equipment. There is a three month operator training programme currently underway after which the Komatsu equipment will be commissioned into the mining programme.

During the six month period ended 30 June 2013, shareholders approved a Share Placing in three tranches to raise the equivalent of a gross contribution of US$57.7m. Two of these Share Placings have been completed pursuant to which a total of 328,530,456 ordinary 1pence shares were issued to the principal shareholders at an issue price of 7pence per share. This resulted in a net capital contribution of £22,526,464 after costs and commissions to the Company. There is one more Share Placing tranche due to complete in October to issue a further 216,502,589 ordinary 1pence shares at 7pence per share. In the same period the shareholders also approved an Open Offer to all shareholders other than those participating in the Share Placing tranches, with 65 new shares issued for every 100 ordinary shares held and at an issue price of 7pence per share. This offer had the potential to issue 52,294,052 new ordinary 1pence shares and allowed all other shareholders to participate on an equal pro-rata basis as the principal shareholders in the Share Placing. The announced result of the Open Offer was that 5,195,877 new ordinary 1pence shares were issued and admitted to trading on AIM on 6 June 2013. This provided net capital contributions of £351,213 after costs to the Company.

I am indebted to the shareholders for their generous support and understanding of the project and indeed you, the shareholders have demonstrated continued support throughout and despite a difficult debt market. The project is edging closer to commercial production and the realisation of tangible shareholder value we have been working for over the previous nine years of the Group’s existence. Discussions with project finance providers to enter into a headline US$70million debt facility are continuing apace and progressing very well. This facility will provide the outstanding finance required to bring the process plant to completion and into commercial production of gold dore.

Drilling activities are focused on the southern region of the pit area and building on earlier successful drilling results emanating from this part. This is a continuation of our strategy of systematically exploring this area searching for additional Runruno style gold mineralisation and also for porphyry copper-gold mineralisation, using two dedicated diamond drill rigs, geological mapping and regional geochemistry. The main area being tested is named Malilibeg South where results provide evidence of a wide flat-dipping mineralised structure at depth and tending eastwards. The drilling results continue to support this tendency and the focus is on finding higher gold grade content through this systematic testing program. In the period ended 30 June 2013 a further 340,000 ounces of gold were added to the Runruno resource estimate in the inferred confidence category (JORC).

Two writs which had been served on the company’s principal operating subsidiary FCF Minerals Corporation (“FCF”) and announced to the markets in November 2012, were successfully defended and dismissed by the courts in the Philippines. The writ of Kalikasan and the writ of Continuing Mandamus served on FCF had the potential to be damaging and inhibitive to progress at Runruno. Management viewed these writs as vexatious and frivolous but defended them with due respect. The Court of Appeals dismissed them as nothing more than harassment actions and abuse of the legal process. FCF is currently pursuing a claim for costs through the Court system.

Our total focus is managing the construction process to bring the process plant to completion and thereafter to commence commercial production of gold dore. At the date of writing FCF has awarded several packages for the long lead items which include but is not limited to, those for the SAG mill, Biox and neutralisation agitators, Biox and flotation blowers, and flotation cells. Each of the procurement packages awarded has been within budget and to date a total of £11,676,888 has been committed as capital expenditure. It is becoming more and more satisfying guiding the Group towards that first gold pour and the realisation of shareholder value as a reward for the risk borne by our shareholders throughout. Please be assured that although the goal is now in our sights this serves to increase everyone's motivation to achieve that goal and our energies are targeting this fantastic achievement.

I R Holzberger

Executive Chairman

CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME for the six months ended 30 June 2013

	Note	*6 month period ended 30 June 2013 (unaudited)* £	*6 month period ended 30 June 2012 (unaudited)* £	*year ended 31 December 2012 (audited)* £
Continuing operations				
Revenue		–	–	–
Cost of sales		–	–	–
Gross loss		–	–	–
Administrative expenses		(2,474,855)	(1,547,112)	(4,478,951)
Operating loss		(2,474,855)	(1,547,112)	(4,478,951)
Gain arising on group reorganisation		-	-	156,266
Finance income		3,283	2,714	4,292
Finance costs		(3,720)	(2,939)	(48,223)
		(2,475,292)	(1,547,337)	(4,366,616)
Share of gains/(losses) of associates		21,590	-	(3,128)
Loss before taxation		(2,453,702)	(1,547,337)	(4,369,744)
Taxation		–	–	–
Loss for the period		(2,453,702)	(1,547,337)	(4,369,744)
Other comprehensive income:				
Exchange differences on translating foreign operations	3	402,462	940,680	815,919
Total comprehensive loss for the period		(2,051,240)	(606,657)	(3,553,825)
Loss for the period attributable to equity holders of the parent		(2,453,702)	(1,547,337)	(4,369,744)
Total comprehensive loss attributable to equity holders of the parent		(2,051,240)	(606,657)	(3,553,825)
Loss per share:				
Basic and diluted	4	(0.276)p	(0.230)p	(0.599)p

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
as at 30 June 2013

	As at 30 June 2013 (unaudited)	*As at 30 June 2012 (unaudited)*	*As at 31 December 2012 (audited)*
	£	*£*	*£*
Non-current assets			
Property, plant and equipment	52,947,426	32,676,902	39,027,018
Goodwill	1,010,816	1,010,816	1,010,816
Other intangible assets	6,754,970	7,134,677	6,651,054
Investment in associate companies	48,636	-	27,326
Trade and other receivables	2,215,726	-	1,785,928
	62,977,574	40,822,395	48,502,142
Current assets			
Trade and other receivables	762,477	260,586	9,127,750
Cash and cash equivalents	40,621,854	28,772,213	26,275,022
	41,384,331	29,032,799	35,402,772
Current liabilities			
Trade and other payables	(2,123,879)	(1,198,426)	(2,493,325)
	(2,123,879)	(1,198,426)	(2,493,325)
Net assets	**102,238,026**	**68,656,768**	**81,411,589**
Equity			
Share capital	11,584,695	6,986,736	8,247,431
Share premium account	111,904,020	77,922,313	92,363,607
Shares to be issued reserve	3,652,155	3,652,155	3,652,155
Acquisition of non-controlling interest reserve	(3,785,077)	(3,785,077)	(3,785,077)
Translation reserve	5,237,967	4,960,266	4,835,505
Profit and loss account	(26,355,734)	(21,079,625)	(23,902,032)
Equity attributable to equity holders of the parent	**102,238,026**	**68,656,768**	**81,411,589**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY for the six months ended 30 June 2013

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Translation reserve*	*Acquisition of non-controlling interest reserve*	*Profit and loss account*	*Total equity*
	£	£	£	£	£	£	£
Balance as 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	-	-	-	402,462	-	-	402,462
Loss for the year	-	-	-	-	-	(2,453,702)	(2,453,702)
Total comprehensive income/(loss) for the period	-	-	-	402,462	-	(2,453,702)	(2,051,240)
Movement in share based payments	-	-	-	-	-	-	-
Issue of equity share capital	3,337,264	20,023,581	-	-	-	-	23,360,845
Share issue expenses	-	(483,168)	-	-	-	-	(483,168)
Balance as at 30 June 2013 (unaudited)	**11,584,695**	**111,904,020**	**3,652,155**	**5,237,967**	**(3,785,077)**	**(26,355,734)**	**102,238,026**

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.
- Acquisition of non-controlling interests reserve; being an acquisition 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.
- Profit and loss account; being the cumulative loss attributable to equity shareholders.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY for the six months ended 30 June 2012

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Translation reserve*	*Acquisition of non-controlling interest reserve*	*Profit and loss account*	*Total equity*
	£	*£*	*£*	*£*	*£*	*£*	*£*
Balance as 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	-	-	-	940,680	-	-	940,680
Loss for the year	-	-	-	-	-	(1,547,337)	(1,547,337)
Total comprehensive loss for the period	-	-	-	940,680	-	(1,547,337)	(606,657)
Movement in share based payments	-	-	-	-	-	-	-
Issue of equity share capital	40,000	90,000	-	-	-	-	130,000
Share issue expenses	-	-	-	-	-	-	-
Balance as at 30 June 2012 (unaudited)	**6,986,736**	**77,922,313**	**3,652,155**	**4,960,266**	**(3,785,077)**	**(21,079,625)**	**68,656,768**

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.
- Acquisition of non-controlling interests reserve; being an acquisition 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.
- Profit and loss account; being the cumulative loss attributable to equity shareholders.

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

	Share capital	Share premium account	Shares to be issued reserve	Translation reserve	Acquisition of non-controlling interest reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
Balance as 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)
Acquisition of non-controlling interest in subsidiary	-	-	-	-	-	-	-
Movement in share based payments	-	-	-	-	-	-	-
Issue of equity share capital	1,300,695	15,023,337	-	-	-	-	16,324,032
Share issue expenses	-	(492,043)	-	-	-	-	(492,043)
Balance as 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**

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.
- Acquisition of non-controlling interest reserve; being an acquisition 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.
- Profit and loss account; being the cumulative loss attributable to equity shareholders.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT for the period ended 30 June 2013

	6 month period ended 30 June 2013 (unaudited)	*6 month period ended 30 June 2012 (unaudited)*	*year ended 31 December 2012 (audited) (restated)*
Operating activities	£	£	£
Loss after taxation	(2,453,702)	(1,547,337)	(4,369,744)
Depreciation	242,660	186,411	359,942
Amortisation	27,129	51,505	69,927
Provisions	-	-	23,746
Share of (gains)/losses of associates	(21,310)	-	3,128
Net interest payable/(receivable)	3,283	(2,636)	43,931
Decrease/(increase) in receivables	188,576	(17,063)	(1,451,165)
(Decrease)/increase in payables	(369,446)	(110,464)	1,115,237
Foreign exchange differences	(537,106)	402,932	1,031,141
Cash used in operations	(2,919,916)	(1,036,652)	(3,173,856)
Interest received	-	2,714	4,292
Interest paid	(3,283)	(78)	(48,223)
Net cash (used) in operating activities	(2,923,199)	(1,034,016)	(3,217,787)
Investing activities			
Purchase of intangible assets	(131,045)	(1,795,390)	(2,244,126)
Purchase of property, plant and equipment	(6,416,169)	(4,536,117)	(11,559,422)
Third party deposit for acquisition of PPE	-	-	(7,746,899)
Net cash used in investing activities	(6,547,214)	(6,331,507)	(21,550,447)
Financing activities			
Proceeds from issue of share capital	23,360,845	130,000	16,324,032
Share issue costs incurred	(483,168)	-	(492,043)
Net cash from financing activities	22,877,677	130,000	15,831,989
Net increase/(decrease) in cash and cash equivalents	13,407,264	(7,235,524)	(8,936,245)
Cash and cash equivalents at beginning of period	26,275,022	36,242,408	36,242,408
Foreign exchange differences	939,568	(234,672)	(1,031,141)
Cash and cash equivalents at end of period	**40,621,854**	**28,772,213**	**26,275,022**

For the year ended 31 December 2012 £7,746,899 has been reclassified from cash used in operations 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 to the condensed 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 condensed consolidated interim financial statements were approved by the Board of Directors on 24 September, 2013.

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 2012 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 condensed consolidated interim financial statements are for the six month period ended 30 June 2013. 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 2013.

These condensed consolidated interim financial statements have been prepared under the historical cost convention.

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 condensed 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 2013 (unaudited)	*6 month period ended 30 June 2012 (unaudited)*	*year ended 31 December 2012 (audited)*
	£	*£*	*£*
Loss			
Net loss attributable to equity shareholders for the purpose of basic and diluted loss per share	(2,453,702)	(1,547,337)	(4,369,744)
Number of shares			
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	889,065,125	672,812,460	729,458,242
Basic and diluted loss per share	(0.276)p	(0.230)p	(0.599)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.

5. Capital Commitments

As at 30 June 2013 the Group had £11,676,888 of outstanding capital commitments (30 June 2012 £nil).