11 September 2020

GENERAL TEXT AMENDEMENT

The following amendment has been made to the 'Proposed Conditional Debt Restructuring Agreement' released on 8 September 2020 at 0715 under RNS No 3250Y.

"*Although I'm disappointed that the final outcome is not in line with the general terms discussed with the Lenders prior to the purchase of the senior debt", has been deleted.*

All other details remain unchanged. The full amended text is shown below.

METALS EXPLORATION PLC

("Metals Exploration" or the "Company")

Proposed Conditional Debt Restructuring Agreement

Metals Exploration Plc (AIM: MTL and, together with its subsidiaries, the "**Group**"), the natural resources exploration and development company with assets in the Pacific Rim region, announces details of a proposed conditional debt restructuring (the "**Proposed Restructuring**"), details of which are set out below.

On 31 January 2020, the Company announced that Runruno Holdings Ltd ("**RHL**") and MTL (Guernsey) Ltd (an affiliated company of MTL (Luxembourg) S.a.r.l., ("**MTLL**") which, together with RHL, are the Company's two major shareholders), had completed the purchase from HSBC and BNP Paribas (the "**Senior Lenders**") of all the rights and obligations under the US$68.5 million Runruno Senior Facility Agreement (the "**Senior Facility**").

Following extensive discussions over the last 12 months, the Company announces that it has entered into term sheets with RHL, MTL (Guernsey) Ltd and MTLL (the "**Lenders**") to conditionally restructure both the Senior Facility and the Company's various pre-existing Mezzanine debt facilities (which are held by RHL and MTLL) (the "**Mezzanine Debt**"). Under the terms of the Proposed Restructuring, all existing loan documentation will be replaced by (i) an amended and restated senior facility (the "**New Senior Facility**"); (ii) a single amended and restated mezzanine facility (the "**New Mezzanine Facility**"); and (iii) a new revolving credit facility (the "**RCF Facility**") (together the "**New Debt Facilities**"). As at 31 August 2020, the total amount owing to the respective Lenders was approximately US$72 million for the Senior Facility and approximately US$65 million under the Mezzanine Facilities, an aggregate of approximately US$137 million.

Highlights of the Proposed Restructuring:

- The Company will no longer be subject to set fixed principal and interest repayment schedules and will no longer be in default with effect from completion of the Proposed Restructuring ("**Completion**");
- The Company will instead be required to make a quarterly payment to the Lenders (a "**Quarterly Payment**"), within 5 business days of each quarter end, being an amount equal to the Group's net working capital ("**NWC**"), subject to first establishing and maintaining a US$5 million cash buffer.
    - NWC is to be defined as the Group's available cash on hand plus gold sales proceeds due, and gold doré on hand or in transit, less all current liabilities (including budgeted operational, CAPEX and exploration expenses, taxes, hedging costs and government charges, but excluding all unpaid debt principal and interest);
- The Quarterly Payments will be applied in the following order: (i) to pay any applicable fees or costs of the Lenders under the facilities; (ii) interest on the New Senior Facility; (iii) New Senior Facility principal; (iv) interest on the New Mezzanine Facility; and (v) New Mezzanine Facility principal;

- The Company is to pay RHL and MTLL US$4,000,000 in aggregate, being interest from 30 January 2020 to 31 August 2020 and a repayment of principal of approximately US$650,000 under the Senior Facility, within 2 business days of the execution of the term sheets;
- The New Senior Facility interest rate will be set at 7 per cent. per annum accruing daily and compounding quarterly;
- The New Mezzanine Facility interest rate will initially be set at 15 per cent. per annum accruing daily and compounding quarterly;
- Upon full repayment of the New Senior Facility, the New Senior Facility will be amended and restated so that all amounts then due under the New Mezzanine Facility as at such date will instead become due under the New Senior Facility without any other amendment to the terms of the New Senior Facility. This would result in the outstanding amount becoming secured as per the New Senior Facility, in exchange for the interest rate being reduced to 7 per cent. per annum;
- The Group will no longer be required to pay a 1.3 per cent. gross production fee upon gold production (which is a requirement under the existing mezzanine debt facilities in respect of the period up to 30 September 2022);
- In circumstances where the Group is in default, an additional penalty interest of 5 per cent. per annum will apply;
- In contrast to what the Company had communicated in prior announcements, there will not be any debt swapped for new equity as part of the Proposed Restructuring;
- The 2011 Shareholder and Subscription Agreement will, on completion of the Proposed Restructuring, be replaced by new relationship agreements with RHL and MTLL, respectively, consistent with current corporate governance guidance;
- The Proposed Restructuring is conditional, amongst other things, upon: (i) the agreement and entry into of definitive documentation to effect the Proposed Restructuring; (ii) the replacement of the 2011 Shareholder and Subscription Agreement with the relationship agreements referred to above; (iii) the approval of shareholders being granted to certain amendments being made to the Company's articles of association as required by the agreements; and (iv) the satisfaction of the requirements of Rule 13 of the AIM Rules for Companies as the Proposed Restructuring constitutes a related party transaction;
- Each of the Company and the Lenders have entered into a legally binding commitment to use their respective reasonable endeavours to enter into definitive agreements which reflect the terms set out in the term sheets by no later than 31 October 2020; and
- The Company is to pay the reasonable costs and expenses incurred by the Lenders in implementing the Proposed Restructuring.

Material terms of the New Senior Facility

- The amount outstanding under the Senior Facility as at Completion will instead be subject to the terms of the New Senior Facility;
- There will be no set fixed principal and interest repayment schedule, instead the Company will be required to pay a Quarterly Payment to the Lenders within 5 business days of each quarter end (being 31 March, 30 June, 30 September and 31 December);
- The Quarterly Payment will be applied in the following order: (i) to pay any applicable fees or costs under the New Senior Facility; (ii) interest on the New Senior Facility; and (iii) New Senior Facility principal;
- The New Senior Facility interest rate will be set at 7 per cent. per annum accruing daily based on a 360 day year and compounding quarterly;
- There will been no change to the security provided to the Lenders under the New Senior Facility;
- In circumstances where the Group is in default an additional penalty interest of 5 per cent. per annum will apply; and
- The New Senior Facility will be simplified to remove all financial test covenants and ratios (and resulting events of default if breached).

Material terms of the New Mezzanine Facility

- The principal and interest owing under the various existing Mezzanine Facilities will be consolidated into one New Mezzanine Facility;
- There will be no set fixed principal and interest repayment schedule and there will be no requirement to repay any New Mezzanine Facility interest or principal until such time as the New Senior Facility is paid in full.
- The New Mezzanine Facility interest rate will initially be set at 15 per cent. per annum accruing daily on the basis of a 360 day year and compounding quarterly;
- Upon full repayment of the New Senior Facility, the New Senior Facility will be amended and restated so that all amounts due under the New Mezzanine Facility as at such date will instead become due under the New Senior Facility without any other amendment to the terms of the New Senior Facility. This would result in the outstanding amount becoming secured as per the New Senior Facility, in exchange for the interest rate being reduced to 7 per cent. per annum;
- Following repayment of the New Senior Debt Facility, the Company will be required to continue to pay Quarterly Payments to the Lenders within 5 business days of each quarter end (being 31 March, 30 June, 30 September and 31 December), which will then be applied in the following order: (i) to pay any applicable fees or costs under the New Mezzanine Facility; (ii) interest on the New Mezzanine Facility; and (iii) New Mezzanine Facility principal;
- Upon Completion, the Company will no longer be required to pay a 1.3 per cent. gross production fee upon gold production up to 30 September 2022; and
- In circumstances where the Company is in default an additional penalty interest of 5 per cent. per annum will apply.

Material terms of the RCF

- The RCF is to be between the Company, RHL and MTLL;
- The RCF has a term of 10 years from the date Company repays in full all amounts owed under the New Senior Facility and the New Mezzanine Facility, unless terminated earlier by the lenders or by the Company repaying all amounts under the RCF, together with a redemption premium of £2 million to each of RHL and MTLL;
- Under the RCF, the Company has the right at any time to draw down £100,000 at an interest rate that is the highest marginal interest rate applicable to other borrowings of the Company under the New Senior Facility and the New Mezzanine Facility; and
- The Company undertakes not to implement certain operational decisions without prior approval of the Lenders.

Termination of 2011 Agreement and New Relationship Agreement

Conditional on the New Debt Facilities being entered into, the Company has also reached agreement with the two major shareholders to terminate the 2011 shareholder and subscription agreement (the "**2011 Agreement**") which is no longer consistent with current good corporate governance practice in that, *inter alia*, it provides certain restrictions on the Company's board of directors (the "**Board**") being able to act independently of the RHL Board representative.

It is proposed that the 2011 Agreement be replaced with a more standard form of relationship agreement (the "**New Relationship Agreements**") between the Company and each of its two largest shareholders respectively that will enable the Board to act independently of its two largest shareholders.

Once in force, the New Relationship Agreements will bring the Company's corporate governance practices and policies more into line with what are generally accepted, up to date corporate governance standards. The New Relationship Agreements grant each of RHL and MTLL with the right to appoint one director each (for so long as each respectively continues to hold more than 10 per cent. of the voting rights of the Company). The Company will now seek to appoint additional independent directors to the Board (and, in particular, an independent non-executive Chairman).

The New Debt Facilities and the New Relationship Agreements are all subject to completion of definitive documentation and the approval of various proposed changes to the Company's Articles of Association at a shareholder meeting to be held as soon as possible and for which a date will be announced in due course.

Related Party Transaction
As the Lenders (or their associated or affiliated companies, as applicable) are substantial shareholders in the Company, the Proposed Restructuring will be treated as a related party transaction in accordance with Rule 13 of the AIM Rules for Companies. Accordingly, upon completion of the final form definitive documentation, the independent director, Darren Bowden, will be required to consult with the Company's Nominated Adviser, Strand Hanson Limited, to consider, and if thought fit, provide an opinion as to the fairness and reasonableness of the Proposed Restructuring insofar as the Company's shareholders are concerned.

Update regarding the suspension of trading on AIM

On 9 March 2020, the Company announced that it had been unable to reach agreement on the continuation of the Standstill Agreement in respect of the Senior Facility and, due to the material uncertainty of the Company's financial condition, its shares were suspended from trading on the AIM market of the London Stock Exchange ("**AIM**").

Following completion of the Proposed Restructuring, the Company believes that the material uncertainty regarding its financial condition will have been addressed. However, as announced on 1 July 2020, the publication of its audited annual report and accounts for the year ended 31 December 2019 (the "**2019 Annual Report and Accounts**") will also be required before trading is resumed. The Company currently expects to publish 2019 Annual Report and Accounts on 11 September 2020 and the notice of the forthcoming AGM, on 18 September 2020. Furthermore, it expects to publish its unaudited interim results for the six months ended 30 June 2020 before 31 October 2020, taking advantage of the one month extension to the reporting deadline made available by AIM Regulation in response to logistical and administrative issues posed by the Covid-19 pandemic.

Subject to the passing of the resolutions required to satisfy the conditions precedent to the Proposed Restructuring, which are intended to be put to shareholders at the Company's forthcoming AGM, the Company expects that its ordinary shares will restored to trading on AIM at that time. A circular convening the Company's AGM will be posted to shareholders in due course.

Further announcements in this regard to the Proposed Restructuring and the AGM will be made in due course.

Chief Executive Officer, Darren Bowden, stated:

"Today's in-principle conditional agreement is the result of extensive negotiations with our Lenders over the last year. It is pleasing to have concluded this drawn-out debt restructuring process which provides the Company with more flexible and commercially attractive debt terms that allows for the shares to re-commence trading on AIM in the near term."

"The end result places the Company in a financial position where its debt burden does not jeopardise its future solvency. Both the Company and the Lenders will share the upside and downside risks of gold price and operational performance fluctuations. Having completed this process management's immediate focus will be on dealing with the ongoing impact of the COVID-19 pandemic and on ramping operational performance at Runruno back to pre-pandemic levels."

This Announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 ("MAR"). Upon the publication of this Announcement, this inside information is now considered to be in the public domain.

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