

Regulatory Story



Metals Exploration PLC - MTL Mezzanine Debt Facility
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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.

US \$21 million Mezzanine Debt Facility Secured Subject to Final Documentation

The Company is pleased to announce it has agreed a US \$21 million mezzanine debt facility with its two major shareholders, Runruno Holdings Limited and MTL (Luxembourg) Sarl subject to final documentation. Proceeds from the facility will be used to repay two short term loans received from the same shareholders in May and June 2017 totalling US \$12 million, with the balance being utilised to facilitate a capital and interest payment to the Group's senior lenders, due on 29 September 2017.

The two shareholders will participate throughout the facility on a pro-rata basis to their current shareholding in Metals Exploration plc.

The main commercial terms of the facility are summarised as follows:

- Headline interest rate is 8% plus 3 months' US LIBOR;
- Capitalised interest attracts an additional 4% margin. Interest may be capitalised or the first twelve months of the facility at the election of the Company;
- The loan is repayable within 60 months of being drawn down;
- A Production Fee is payable over a 60 month period in quarterly instalments equivalent to 1.3% of the gross revenue from gold sales of FCF Minerals Corporation for a period of 60 months from first

Drawdown, where the minimum quarterly fee payable is equal to \$250,000 and the maximum quarterly fee is capped at US \$500,000;

- 100 million warrants in total are exercisable by the shareholders before the end of the sixth anniversary of the signing of the facility agreement;
- 75 million warrants have a strike price of 5.5 pence and 25 million have a strike price of 7.0 pence

There remains one outstanding document which is required to be signed by the senior lenders (the HongKong & Shanghai Banking Corporation Limited and BNP Paribas) before the shareholders are able to transfer the funds to Metals Exploration plc. As a consequence the payment of the capital & interest to the senior lenders due today, 29 September 2017, may be delayed with the Lenders prior knowledge. The Company has received confirmation from the senior lenders of their intention to execute the transaction and we are expecting final signatures in the coming days.

The Mezzanine Financing is a related party transaction pursuant to Rule 13 of the AIM Rules for Companies and the independent director, being Mr. Ian Holzberger, having consulted with the Company's nominated adviser, Canaccord Genuity Limited, consider that the terms of the Mezzanine Financing are fair and reasonable insofar as the Company's shareholders are concerned.

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

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