

METALS EXPLORATION PLC
(the “Company” or “Metals Exploration”)

OPEN OFFER CIRCULAR POSTED TO SHAREHOLDERS

AND NOTICE OF GENERAL MEETING

As previously announced on 18 September 2015, the Directors of Metals Exploration are pleased to initiate an Open Offer (the “Open Offer”) to eligible shareholders to raise up to approximately €4.2 million (£3.0 million) via the issue of up to 100 million new ordinary shares of 1 pence each in the Company (the “Open Offer Shares”) at a price of 3 pence per new ordinary share. Those shareholders that participated in the recent \$5.0 million (£3.2 million) share placing have agreed to provide the Company with irrevocable undertakings not to take up their respective rights under the Open Offer. Discussions have advanced to the documentation stage with the three substantial shareholders of the Company to raise up to US \$5.0 million (£3.2 million) through the issue of Debt Securities, which proceeds will provide working capital and contingency funding through to commencement of commercial operations if required.

A circular is being posted to Shareholders today setting out in more detail the background to and reasons for the Open Offer and its terms.

1 Introduction

On 18 September 2015, the Company announced that it had obtained commitments to raise approximately US\$5 million (before expenses) via the issue of a total of 108,033,333 new Ordinary Shares at a price of 3 pence per new Ordinary Share, from certain existing shareholders. It was also announced that the Board wished to provide the Company’s existing shareholders with the opportunity to subscribe for Ordinary Shares at the same price as the Subscribers invested at under the Placing. Accordingly the Company is making available 100 million new Ordinary Shares under the Open Offer at the Offer Price.

The purpose of this announcement is, amongst other things, to provide you with details of the Open Offer, to outline the background to and the reasons for the Open Offer.

The terms of the Open Offer are described in this announcement. Qualifying Shareholders may subscribe for Open Offer Shares above their basic entitlement under the Open Offer if they so wish by use of the Excess Application Facility.

The Open Offer is conditional, inter alia, upon Admission and also upon the passing by Shareholders of the Resolutions at the General Meeting which will give the Directors the necessary authorities to allot and issue the Open Offer Shares and to dis-apply statutory pre-emption rights in respect of the allotment of the Open Offer Shares.

2 Background to and reasons for the Open Offer and Use of Proceeds

- 2.1 As announced on 18 September 2015, the Company commenced the staged commissioning of the Runruno Processing Plant in July 2015. This work has progressed satisfactorily but is limited in scope pending the issue of a significant number of operational and occupancy permits by the respective Philippine regulatory authorities. Without the required permits the Company cannot complete the full commissioning of the equipment within the Processing Plant and without obtaining all of the permits it cannot commence operations.
- 2.2 The construction of the Process Plant is completed and the construction of the Residual Storage Impoundment (“RSI”) and its infrastructure will be completed before the end of September 2015.
- 2.3 In conjunction with the Placing, the Company will seek to raise up to a further US \$5.0 million via through the creation and issue of Debt Securities and it is expected that the Debt Securities will be available to be drawn before 31 October 2015. Debt Securities are intended as a contingency instrument should the permitting process delay the Runruno Project entering into commercial operations during October 2015. There is no certainty as to how long the permitting process may take and neither is there any reason to believe the Company will not obtain all required and necessary permits. The Company is in close contact with the various permitting authorities but it

is not in control of the speed at which the authorities process the documentation submitted, and issue the requisite permits.

- 2.4 The Company expects that following receipt of funds from the Placing and the issue of the proposed Debt Securities, it will have in place sufficient capital to complete the commissioning of the Process Plant & RSI at its Runruno Project and until it commences operations through to realising self sustaining cash flow.
- 2.5 The combination of the Placing and the issue of the proposed Debt Securities should fully fund the Runruno Project and therefore receipt of funds from the Open Offer is not critical to complete the commissioning of the Process Plant & RSI at its Runruno Project and until it commences operations through to realising self sustaining cash flow.
- 2.6 Notwithstanding the above and regardless of the take up of the Open Offer, the Board are delighted to afford all Qualifying Shareholders the opportunity to increase their shareholding in the Company at a time when the Company has already benefitted from the considerable financial support of the Subscribers on equivalent terms.

3 Details of the Open Offer

The Company is making an Open Offer to Qualifying Shareholders on a pre-emptive basis.

The Company is not relying on this equity for its funding requirements and is making this facility available to any minority shareholders who wish to increase their investment in the Company. Each of the Subscribers who are participating in the Placing has waived its rights respectively to take up any Open Offer Shares.

The proposed Offer Price of 3 pence per Open Offer Share is the same price as the price at which the Placing Shares have been issued. However, the Open Offer is not conditional upon completion of the Placing or the level of applications made to subscribe under the Open Offer.

Qualifying Shareholders are invited to apply for Open Offer Shares under the Open Offer at a price of 3p per Open Offer Share, payable in full on application and free of all expenses, pro rata to their existing shareholdings on the basis of:

100 Open Offer Shares for every 255 Existing Ordinary Shares

held at the Record Date and so in proportion for any other number of Existing Ordinary Shares then held. Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares.

The Open Offer is subject to the satisfaction, amongst other matters, of Admission occurring on or about 29 October 2015, (or such later date, being not later than 16 November 2015, as the Company may decide).

The Open Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares and the Placing Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission.

Subject to the fulfilment of the conditions set out in the Open Offer document, the Open Offer has been structured so as to allow Qualifying Shareholders to subscribe for Ordinary Shares at the Open Offer price as close to *pro rata* to their existing holdings as possible. Fractional entitlements will not be allotted to Qualifying Shareholders in the Open Offer, and where applicable, entitlements under the Open Offer will be rounded down to the nearest whole number of new Ordinary Shares.

Qualifying Shareholders at the Record Date may, in addition, make applications in excess of their pro rata initial entitlement. Once subscriptions under the Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all. To the extent that additional Open Offer Shares are not subscribed by existing Shareholders, Open Offer entitlements will lapse.

Excess applications will be rejected if and to the extent that acceptance would result in the Qualifying Shareholder, together with those acting in concert with him/her/it for the purpose of the Code, holding 30 per cent. or more of the issued share capital immediately following Admission.

Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying non-CREST Shareholders

should be aware that the Application Form which accompanies the open offer document is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that, in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be made available under the Excess Application Facility and the net proceeds will be retained for the benefit of the Company.

Settlement and dealings

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that such Admission will become effective and that dealings will commence on or about 29 October 2015.

The Open Offer Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared following Admission.

Overseas Shareholders

Certain Overseas Shareholders may not be permitted to subscribe for Open Offer Shares pursuant to the Open Offer and should refer to paragraph 6 of Part 2 of the Open Offer document.

4 Action to be taken in respect of the Open Offer

Qualifying non-CREST Shareholders will find an Application Form accompanying the circular which gives details of their Open Offer Entitlement (i.e. the number of Open Offer Shares allocated to the Qualifying non-CREST Shareholders). If this shareholder wishes to apply for Open Offer Shares under the Open Offer, he should complete the Application Form in accordance with the procedure set out at paragraph 3 of Part 2 of the Open Offer document and on the Application Form itself and deliver it by post or by hand (during normal business hours only), together with payment in full in respect of the number of Open Offer Shares applied for to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 23 October 2015, having first read carefully Part 2 of the Open Offer document and the contents of the Application Form. Qualifying CREST Shareholders will receive a credit to their appropriate stock account in CREST in respect of their Open Offer Entitlement and should refer to the procedure set out at paragraph 3(ii) of Part 2 of the open Offer document.

The latest time for applications to be received under the Open Offer is 11.00 a.m. on 23 October 2015. The procedure for application and payment depends on whether, at the time at which application and payment is made, qualifying shareholders have an Application Form in respect of their Open Offer Entitlement or their Open Offer Entitlement has been credited to their stock account in CREST. The procedures for application and payment are set out in Part 2 of the Open Offer document. Further details also appear on the accompanying Application Form which has been sent to Qualifying Shareholders. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with the Open Offer document and the Open Offer.

5 General Meeting

- 5.1 A notice convening a General Meeting of the Company is included in the Open Offer document to be held at 200 Strand, London WC2R 1DJ at 10.00 a.m. on 15 October 2015.
- 5.2 In order for the Open Offer to proceed, Shareholders will need to approve Resolutions 1 and 2 set out in the notice of General Meeting. If Resolutions 1 and 2 are not passed, the Open Offer will not proceed in the form currently envisaged. Accordingly it is important that Shareholders vote in favour of Resolutions 1 and 2 in order for the Open Offer to proceed.
- 5.3 The shareholder authorities granted to the Directors at this year's annual general meeting of the Company have been used in full to issue the Placing Shares. Therefore the Board consider it prudent to renew these authorities at the forthcoming General Meeting. Such authorities will expire at the next annual general meeting of the Company.

6 Action to be taken in respect of the General Meeting

- 6.1 Whether or not shareholders propose to attend the General Meeting in person, they are strongly encouraged to complete, sign and return their Form of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received, by post or, during normal business hours only, by hand, at PXS, 34 Beckenham Road, Beckenham BR3 4TU by no later than 10:00 a.m on 13 October 2015 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting).
- 6.2 If shareholders hold their shares in the Company in uncertificated form (that is, in CREST) they may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out at the end of this document). Proxies submitted via CREST must be received by the Company's agent [(ID RA10)] by no later than 10:00 a.m. on 13 October 2015 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).
- 6.3 This will enable shareholders votes to be counted at the General Meeting in the event of a shareholders absence. The completion and return of the Form of Proxy or the use of the CREST Proxy Voting service will not prevent shareholders from attending and voting at the General Meeting, or any adjournment thereof, in person should they wish to do so.

7 Open Offer Statistics

Offer Price	3p
Number of Ordinary Shares in issue at the date of this document	1,483,005,357
Number of Open Offer Shares	100,000,000
Maximum funds possible to be raised pursuant to the Open Offer**	£3,000,000
Percentage of the Enlarged Issued Share Capital represented by the Open Offer Shares at Admission	6.32 per cent.

**assuming full subscription of the Open Offer Shares under the Open Offer

Conversion rates used in this document (unless otherwise indicated) are set out as follows:

EUR 1.3607:£1, USD 1.54273:£1, GBP 0.7349: 1 EUR

Source: www.oanda.com on 14 September 2015 at 6pm UK time

8 Expected Timetable of Principal Events

Record Date	5.00 p.m. on 23 September 2015
Announcement of Open Offer	28 September 2015
Posting of this document	28 September 2015
Existing Ordinary Shares marked 'ex' by the London Stock Exchange	29 September 2015
Open Offer Entitlements credited to CREST accounts of Qualifying CREST Shareholders	8.00 a.m. on 29 September 2015
Latest time and date for receipt of Forms of Proxy for the General Meeting	10:00 a.m. on 13 October 2015
General Meeting	10:00 a.m. on 15 October 2015
Announcement of result of General Meeting	15 October 2015
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 19 October 2015
Latest time and date of depositing Open Offer Entitlements into CREST	3.00 p.m. on 20 October 2015
Latest time and date for splitting Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 21 October 2015
Latest time and date for receipt of completed Application Forms and payment in full under the Open offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 23 October 2015
Announcement of results of the Open Offer	26 October 2015

Admission and commencement of dealings in the Open Offer Shares	29 October 2015
CREST accounts to be credited with Open Offer Shares	29 October 2015
Despatch of definitive share certificates for Open Offer Shares	within 14 days of admission of shares to trading on AIM

Save for the date of publication of this document, each of the times and dates above are subject to change. Any such change, including any consequential change in the Open Offer statistics above, will be notified to Shareholders by an announcement on a Regulatory Information Service.

Notes:

Statistics are prepared on the basis that all of the Open Offer Shares are subscribed for and that no new Ordinary Shares (other than the Open Offer Shares) are issued following the date of this document and before the completion of the Open Offer.

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“ Admission ”	admission of the Open Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules
“ AIM ”	the market of that name operated by the London Stock Exchange
“ AIM Rules ”	the AIM rules for Companies published by the London Stock Exchange from time to time
“ Application Form ”	the application form, which accompanies this document, to be used by Qualifying non-CREST Shareholders in connection with the Open Offer
“ Capita Asset Services ”	a trading name of Capita Registrars Limited
“ certificated form ” or “ in certificated form ”	an ordinary share recorded on a company’s share register as being held in certificated form (namely, not in CREST)
“ Circular ”	this document, which for the avoidance of doubt does not comprise a prospectus (under the Prospectus Rules) or an admission document (under AIM Rules)
“ Code ”	the City Code on Takeovers and Mergers, as amended from time to time
“ Company ” or “ MTL ”	Metals Exploration plc, a company incorporated in England under company number 05098945;
“ CREST ”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the operator (as defined in those regulations)
“ Debt Securities ”	the proposed creation of debt securities by the Company of up to a maximum nominal amount of US\$5.0 million;
“ Directors ” or “ Board ”	the directors of the Company as at the date of this document whose names are set out on page 1 of this document, or any duly authorised committee thereof

“Enlarged Issued Share Capital”	the Ordinary Shares in issue immediately following Admission,
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Excess Application Facility”	to the extent that the Open Offer Entitlements to Open Offer Shares are not subscribed for in full by Qualifying Shareholders, the facility for Qualifying Shareholders to apply for additional Open Offer Shares over and above their Open Offer Entitlements subject to the terms and conditions
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM
“Form of Proxy”	the form or proxy for use in connection with the General Meeting which accompanies this document
“General Meeting” or “GM”	the General Meeting of the Company convened for 10:00 a.m. on 15 October 2015 (or any adjournment of it), notice of which is set out at the end of this document
“London Stock Exchange”	London Stock Exchange plc
“Offer Price”	3 pence per new Ordinary Share
“Open Offer”	the invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Offer Price on the terms of and subject to the conditions, as described or referred to, in this document and where relevant, the Application Form
“Open Offer Entitlements”	entitlements to subscribe for Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer
“Open Offer Shares”	up to 100 million new Ordinary Shares which are to be made available for subscription by Qualifying Shareholders under the Open Offer and may be allotted to eligible investors to the extent that the Open Offer is not fully taken up
“Ordinary Shares”	ordinary shares of 1 penny each in the capital of the Company
“Overseas Shareholders”	Shareholders who are resident in, or who are citizens of, or who have registered office addresses in, jurisdictions outside the United Kingdom
“Placing”	the conditional Placing of Shares by the Subscribers at 3 pence pursuant to the Placing letters
“Placing Shares”	the 108,033,333 new Ordinary Shares issued pursuant to the Placing
“Prospectus Rules”	the Prospectus Rules published by the Financial Services Authority
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Open Offer Record Date are held in uncertificated form
“Qualifying non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the Shareholders register of members of the Company on the Open Offer Record Date are held in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the Company’s register

of members at the Record Date other than Overseas Shareholders

“Record Date”	5.00 p.m. on 23 September 2015
“Resolutions”	the resolutions set out in the notice of GM contained in this document to be proposed at the GM
“Runruno Project”	the Company’s principal project located in the Philippines
“Shareholders”	holders of Ordinary Shares
“Subscribers”	MTL (Luxembourg) SARL, Runruno Holdings Limited and Ruffer LLP (on behalf of its clients)
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, each State thereof, its territories and possessions (including the District of Columbia) and all other areas subject to its jurisdiction
“uncertificated” or “in uncertificated form”	an ordinary share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 2001, may be transferred by means of CREST
“US\$” or “US Dollars”	United States dollars, the lawful currency of the United States

A reference to £ is to pounds sterling, being the lawful currency of the UK.

A reference to EUR is to Euros, being the official currency of the Eurozone.

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

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