

METALS EXPLORATION PLC

OPERATIONAL UPDATE QUARTER ENDED 31 MARCH 2012

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 provide an operations update on matters relating to its Runruno gold-molybdenum project ("the Project") and exploration activities in the Philippines.

AIM Code : MTL

At: 25 April 2012

Shares in Issue: 694,673,626

Options in Issue: 14,725,000

Warrants in Issue: 17,010,000

Directors:

Ian Holzberger, Executive Chairman

Jonathan Beardsworth

Timothy Dean

Edward Parsons

Guy Walker

Richard Williams

Management:

Ian Holzberger, Executive Chairman

Liam Ruddy, Company Secretary, CFO

Craig Watkins, Country Manager

Chevy Albo, Finance & Administration

Agnes Goze, Environment & Permitting

For further information please contact:

Metals Exploration plc

Ian Holzberger: +61 41 888 6165

Liam Ruddy; +44 7911 719 960

Nominated Adviser:

Westhouse Securities Limited

Martin Davison

+44 (0)20 7601 6114

Broker:

Fairfax I.S. plc

Ewan Leggat

+44 (0)20 7598 5368

Public Relations:

Tavistock Communications

Edward Portman / Jos Simson

+44(0) 7733 363 501

Highlights

- Runruno early works program reached design activity levels during the quarter.
- Very satisfactory progress achieved.
- The earthworks contractor is now at full strength.
- Campsite, batch plant, office and lay-down area earth works estimated to be 75% complete.
- Two causeways established across the Sulung river.
- Processing plant earthworks estimated to be 50% complete.
- The processing plant detailed engineering program is proceeding well.
- Leighton Contractors (Asia) Limited ("Leighton") reports the program to be 57% complete.
- Work has commenced on the construction of the camp and office complexes.
- A short reserve infill drill program at the south end of the pit successfully confirmed the geological interpretation in this area.
- Debt funding activities continue to progress positively with legal documentation in progress.
- Two drill holes drilled to test a zone of potential gold mineralised zone outlined south of the Runruno mineralisation confirmed the geological interpretation.
- Drill hole intercepts include MXD863 - 5.7m @1,47g/t Au and 1,704 ppm Mo.
- Drilling testing is ongoing.
- Further strong copper intersections recorded in Magnetite Creek drilling including in hole MAD014 - 15.5m from 335m @ 0.34%Cu, 0.13g/t Au and 17.5m from 396.5m @ 0.63%Cu, 0.19g/t Au.

Ian Holzberger, Executive Chairman, commented:

"It is very satisfying to see the progress being made on the ground at Runruno as the early works program ramps up and the work commencing on multiple facets of the project. This work demonstrates the Company's capacity to implement the Runruno project and is crystallising the size and scope of the project to its stakeholders.

"Equally it is pleasing to see the progress made with the processing plant detailed engineering package under Leighton's management. This work will support the early commencement of the processing plant construction once full funding is available.

About Runruno Gold Project,

Location: Central Luzon, Philippines, 320km north of Manila.

Status: Development ready, Feasibility study completed May 2010.

Mine life: 10.3 years.

Payable Au: 1 million ozs.

Annual Production:

Year 1-5: 101,800 ozs Au ave.
Years 6-10: 92,700ozs Au ave.

Capital Cost¹: US\$167.8 m

Operating Cost²: US\$ 477/oz Au

Mining: Open pit, truck and shovel operation.

Operational Strip Ratio: 5.2:1 waste to ore.

Processing: gravity, BIOX® oxidation and CIL to recover gold as doré bullion.

2P Reserves³: 15mt @ 1.85g/t Au and 603 ppm Mo.

Mineral Resource³: 26mt @1.69 g/t Au and 453ppm Mo, including reserves.

Upside: by-product molybdenum, mine life extension, highly prospective mineralised system.

Notes:

1. Capital Cost updated October 2011 - estimated in Q3 2011 US\$.
2. May 2010 Feasibility Study - estimated in Q4 2009 US\$.
3. Refer to the Company website, www.metalexploration.com for complete Mining Reserve and Mineral Resource statements.

"Every effort is being applied to finalising the debt funding package with legal documentation of the agreed commercial terms at an advanced stage. Finalising the funding package is a priority for management.

"Exploration activities outside the Runruno resource area continue to provide encouragement with further drill hole intersections of gold mineralisation being recorded south of the main mineralisation and of copper mineralisation at the Magnetite Creek prospect"

Runruno Gold Project

During Q1 2012, the early construction work program, outlined in the Q4 2011 Operational Update announced 26 January, ramped up to achieve the planned activity level mid way through the quarter. This program of work will now continue throughout Q2. Step out drilling activities to further test the potential of the Runruno Financial or Technical Assistance Agreement ("FTAA") for gold and copper mineralisation were maintained.

Early Site Works

The early site construction works which commenced early in December 2011 resumed in mid January after a break for the Christmas festive period.

The program consists of seven key activities:

- General site earthworks;
- Processing plant pad earthworks;
- Construction camp and office;
- Construction power;
- Potable water system;
- Erection of a concrete batching plant; and
- Acquisition of selected units of the mobile fleet.

General site earthworks

The contractor has now mobilised his full fleet of earthmoving equipment to site and is making sound progress with work to date having been directed towards the establishment of the construction lay-down, batch plant, camp and office areas. These areas have been cleared, grubbed and staked and fill placed to lift the pad above the potential flood level. This work is now around 75% complete.

Two causeways across the Sulong river have been established to facilitate access to the processing plant site.

Work has now commenced on the pioneering work to establish the road into the pit with the material extracted being used as fill on both the lay-down and processing plant site areas. This work is shown in the photograph below.



Pioneering work on pit access road - looking across processing plant pad

Processing plant earthworks

The processing plant works are being undertaken under two contracts, one to establish a seven metre high gabion wall along the edge of the plant-site adjacent to the Sulong river, the second to undertake the general earth works. Both contracts are in full operation.

The gabion wall contract was awarded to local contractors and is now around 50% complete. Progress is shown in the photograph below.



Gabion wall construction - processing plant

The design and levels for the processing plant pad have now been finalised by Leighton Contractors (Asia) Limited (“Leighton”) and the earth works are advancing rapidly with fill being placed and

compacted to the design levels. Work on the processing plant pad is estimated to be around 50% complete as shown in the photograph below.



Panoramic view of processing plant pad

FCF's Owner's Team is supervising the earthmoving contractor. Leighton is working with the Company to ensure the pad meets the required specifications.

Construction camp and site office

Work has commenced on the erection of the construction camp with materials at site and the fabrication of roof trusses completed. Construction will commence during Q2.

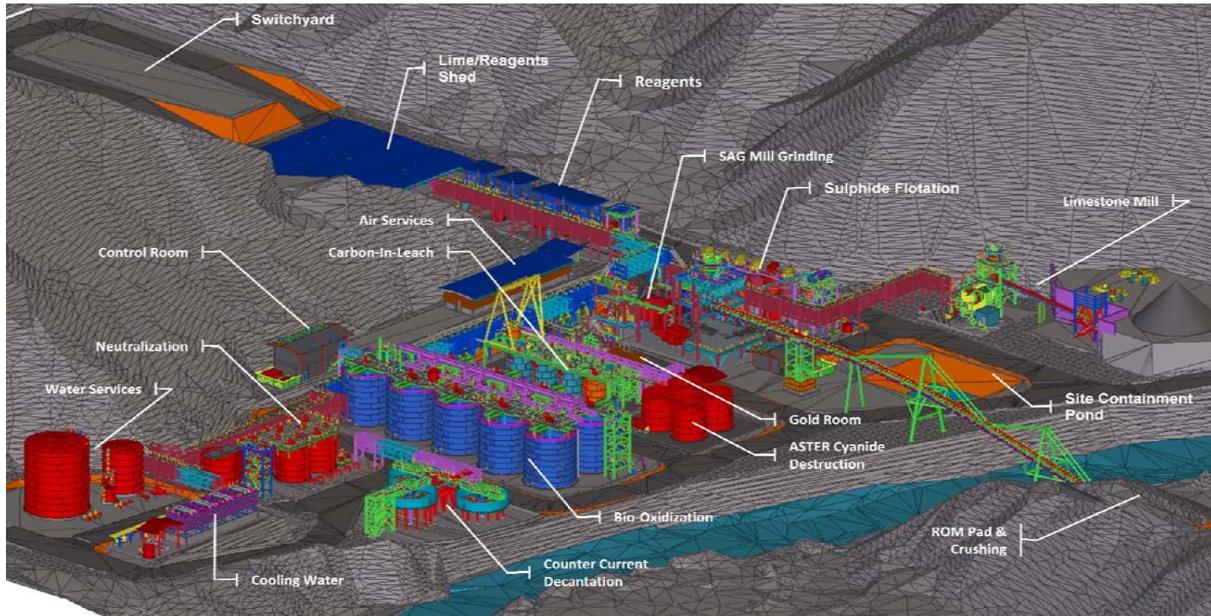
A site office building has been purchased and transported to the project site and will be constructed during Q2.

General

Design has been finalised and contracts are being prepared for the purchase and installation of the concrete batching plant and the potable water supply.

EC&P - GMP contract

Leighton is well advanced with the processing plant detailed engineering work program which is being undertaken as an advance phase of the proposed Engineering and Construct contract and a Procurement contract ("EC&P"). This phase of work is estimated to be 57% complete. It is expected to be finalised during Q2. A 3D schematic presentation of the design is shown in the following figure.



Schematic presentation of processing plant

Resource and Reserve Drilling

Five short holes were drilled close to the southern boundary of the proposed pit in an area planned to be mined early in the development to confirm the geological interpretation. The drilling was successful confirming the geological interpretation and defining the eastern edge of the ore-body. Significant assays returned from this drilling are shown in the table below:

Hole	From	To	Width	Au g/t	Mo ppm
MXD849	49	51	2	9.28	521
	67	71	4	5.19	505
MXD851	94	109	15	1.97	1,175
MXD852	3	4	1	3.57	1,863
	6.0	6.7	0.7	0.55	400
	6.7	8.8	2.1	old tunnel – no core	
	8.8	9.4	0.6	4.57	917

Land Acquisition

Land acquisition activities continued successfully throughout the quarter.

Funding

The Company is currently at an advanced stage of negotiating a funding package to support the full development of the Runruno project. Legal documentation is in progress.

Regional Exploration

Q1, 2012 exploration activities within the Runruno FTAA but outside the Runruno ore-body recommenced after the Christmas - New Year shutdown. The work which is ongoing is designed to systematically assess the highly prospective FTAA for further gold mineralisation of the Runruno style and the potential for porphyry copper mineralisation. Two diamond drill rigs are committed to the program. A summary of the holes drilled in the current year is presented in the following table.

Location	Holes Completed Ytd	Metres Ytd	Holes Completed During Q1	Metres During Q1
RUNRUNO - Resource Extension	2	667	2	667
RUNRUNO FTAA - Regional Exploration	3	1,197	3	1,197
TOTAL	5	1,864	5	1,864

Runruno Mineral Resource Extension

Previously reported step-out drill holes, MXD845 and MXD846, drilled approximately 300m south of the proposed Runruno pit, intersected a zone of gold and molybdenum mineralisation. These intersections lie about half way between the southern boundary of the proposed pit and the previously reported deep zone of mineralisation found in TUD012 (6m at 2.81 g/t Au from 241m) at the Tulingan prospect.

Based on these holes it was postulated that a significant 8-12m thick zone of flatly dipping gold and molybdenum mineralisation grading between 2-3 g/t Au extending south of the Runruno pit for more than 600m to the Tulingan prospect area and perhaps further south. The potential width of the mineralisation had not been established but it had been intersected over 200m in an east west direction. The mineralisation was intersected at depths of between 75m and 225m below the surface, but the indicated widths and grades were considered sufficient to make it a target for underground mining.

A program of follow-up drilling commenced during Q1 designed to more fully assess the exploration model with two holes being completed so far. Both holes were drill on line 1,814,257N (UTM) target to develop a better understanding of the width potential of the mineralised body. At the time of the compilation of this report assays had been returned for the first of the holes with the significant intersections shown in the following table:

Hole ID	From	To	Width	Au g/t	Mo ppm
MXD853	26.0	29.0	3.0	1.12	3,544
	145.7	150.0	4.3	1.12	195
	192.4	195.0	2.6	1.08	829
	209.0	211.8	2.8	1.18	49
	213.9	215.4	1.5	1.27	239
	217.3	223.0	5.7	1.47	1,704

Geological logging of the second drill hole has shown that it intersected potential mineralisation where projected from the results of the earlier drilling. Assay data is not available for this hole at the time of compilation of this report.

The first two drill holes have confirmed the geological interpretation and the potential of the gold and molybdenum mineralised body in this area. Drilling will now move to the south to more completely test the strike length potential of the zone.

Magnetite Creek

Previously reported drilling in the Magnetite Creek area, 2km south-east of Runruno, has confirmed the presence of zones of anomalous porphyry copper-gold style mineralisation which are indicative of close proximity to a significant mineralising system.

Three diamond drill holes were completed during Q1. Drill hole MAD011 was drilled 50m to the south of MAD005 & MAD010. The hole returned anomalous copper values which can be correlated with the same mineralised zones encountered in holes MAD001, MAD005, MAD008 and MAD010. These holes (and the recently completed MAD014) have confirmed the potential of the area for major copper and gold mineralisation associated with the brecciated parts of a west-dipping northwesterly-trending monzonite-monzodiorite intrusive.

Prior to further drilling in the Magnetite Creek locality it is planned to complete a full review of exploration data generated to date and validate the current exploration model and to better target future drilling. Significant assays reported during the period are shown in the following table:

Hole ID	From	To	Width	Au g/t	Cu %
MAD011	78.0	91.0	13.0	0.09	0.20
	111.0	117.0	6.0	0.03	0.21
MAD012	102.0	103.	1.0	0.02	1.99
MAD014	214.0	220.0	6.0	0.13	0.18
	244.0	272.0	28.0	0.16	0.21
	335.0	350.5	15.5	0.13	0.34
	396.5	415.0	17.5	0.19	0.63

Regional Exploration

Geological mapping and rock geochemistry sampling continued within the Runruno FTAA. Work was concentrated in the Magnetite Creek locality in conjunction with the diamond drilling program.

Anomalous gold and copper values were located in rock chip samples from several areas including Burnt Tree Creek and Tutuway Creek. Follow up work has commenced with the objective of delineating potential drill targets.

Additional modelling and interpretation of data from the 2011 ground geophysical survey has resulted in the delineation of several chargeability anomalies in the southern part of the Runruno FTAA in the Cabocbocan-Cabinuangan area. Eight anomalies are considered to have sufficient potential to warrant testing by drilling.

Drill Hole Location

The locations of the drill holes referred to in this report are shown in the tables below.

Runruno Resource Infill

Hole ID	Local Grid East	Local Grid North	Collar Elevation	Local Grid Azimuth	Dip deg	Depth (m)
MXD849	642	200	503	100	-42	80.0
MXD851	666	124	500	89	-70	65.1
MXD852	668	100	495	90	-32	110.0

Runruno Mineral Resource Extension

Hole ID	UTM Grid East	UTM Grid North	Collar Elevation	UTM Azimuth	Dip	Depth (m)
MXD853	321147	1814257	455	0	-90	304.7
MXD854	321148	1814257	455	270	-60	18.7 In progress

Magnetite Creek

Hole ID	UTM Grid East	UTM Grid North	Collar Elevation	UTM Azimuth	Dip	Depth (m)
MAD011	322715	1812898	605	42	-61	250.0
MAD012	322424	1812972	590	48	-59	501.4
MAD014	322578	1812853	683	30	-79	344.6 In progress

Approval

Mr Ian Holzberger, a director of the Company, who has been involved in the mining industry for more than 39 years, is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists, has compiled, read and approved the technical disclosure in this regulatory announcement.

Forward Looking Statements

Statements relating to the estimated or expected future production, operating results, cash flows and costs and financial condition of Metals Explorations, planned work at the Company's projects and the expected results of such work are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: expects, plans, anticipates, forecasts, believes, intends, estimates, projects, assumes, potential and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur. Information concerning exploration results and mineral reserve and resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed.

These forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable at the time they are made, are inherently subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfil projections/expectations and realize the perceived potential of the Company's projects; uncertainties involved in the interpretation of drilling results and other tests and the estimation of gold reserves and resources; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of environmental issues at the Company's projects; the possibility of cost overruns or unanticipated expenses in work programs; the need to obtain permits and comply with environmental laws and regulations and other government requirements; fluctuations in the price of gold and other risks and uncertainties.