METALS EXPLORATION PLC

OPERATIONAL UPDATE TO 31 MARCH 2013

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: 31 March 2013
Shares in Issue: 824,743,103
Options in Issue: 14,275,000
Warrants in Issue: 5,510,000

Directors:
Ian Holzberger, Executive Chairman
Timothy Dean
Guy Walker
Edward Parsons
Chris Whitehouse

Management:
Ian Holzberger, Executive Chairman
Liam Ruddy, Company Secretary
John Stubbs, CFO
Craig Watkins, GM Runruno Project
Chevy Albo, Finance & Administration
Rosalie Soriano, Legal Counsel
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Highlights

- Commitments received to raise approximately US$57.7 million via a share placing, subject to shareholder approval, to fund the development of the Runruno gold project.
- Shareholders to be offered the opportunity to participate via an Open Offer which could raise an additional €4.5 million.
- MTL in discussions with potential lenders other than Solomon Capital Limited to secure approximately US$70 million in debt funding to allow the full construction of Runruno and the acquisition of the mining fleet for post construction operations - the debt facility is expected to be agreed by the end of 2013.
- 78.9% upgrade in the Inferred JORC Resource for the Malilibeg South area to 340,000 ozs of gold at 1.4 g/t Au.
- Runruno JORC 2012 compliant resource base increased now containing 1.73 million ozs of gold at 1.63g/t Au (combined Runruno Main and Malilibeg South resources), up from 1.58 million ozs of gold contained at 1.69 g/t Au.
- The bulk of early construction work now complete and within budget – outstanding work expected to be concluded by the end of Q2.
- An all-weather road constructed from the national Solano – Runruno road into the project site.
- Permanent power will be supplied to site from the national grid; stage 1 an overhead power line from Maddiangat to Runruno (22 kms) to supply construction power is 60% complete.
- Majority of the mining fleet purchased and is currently at port in Manila.
- MTL to design and construct the processing plant using specialist contractors and sub-contractors after negotiations with Leighton Contractors (Asia) Limited to enter into an EC&P contract were terminated.
- MTL's subsidiary, FCF, awarded the Presidential Mineral Industry Environmental Award for the second year running – validates the Company's commitment to being a responsible miner.

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 Cost[1]: US$182.8 m

Operating Cost[2]: US$ 442/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 Reserves[3]: 15mt @ 1.85g/t Au and 603 ppm Mo.

Mineral Resource[3]:
Runruno Main - 26mt @1.69 g/t Au and 453ppm Mo, including reserves.
Malilibeg South – 7.55mt @1.4 g/t Au and 1,200 ppm Mo

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

Notes:

1. Capital Cost updated October 2011 - estimated in Q3 2011 US$, at US$167.8 million increased by the cost of the acquisition of the mining fleet at US$15 million
2. May 2010 Feasibility Study - estimated in Q4 2009 US$ reduced by US$ 35 per ounce attributed to the removal of the mining fleet operation lease in favour of outright purchase.
3. Refer to the Company website, www.metalsexploration.com for complete Mining Reserve and Mineral Resource statements.

Ian Holzberger, Executive Chairman, commented:
"The general site works at Runruno continue unabated and it is satisfying to report that the majority of the key earthworks, infrastructure and access components of the project have are close to being completed. By the middle of 2013 the site infrastructure will be ready for the construction of the processing plant.

"With that element in mind, I was buoyed by the support we received from our shareholders in relation to the recent equity raising and we look forward to committing to the full construction phase after the General Meeting in April. The task now is to obtain debt funding to complete development and move Runruno into production and I am confident that this can be achieved before the end of the year.

"The exploration and resource extension work remains promising and it is very welcome to announce a significant upgrade in the Inferred Mineral Resource in the Malilibeg South area."

Development of the Runruno Gold Project

The Runruno gold project continues to be actively progressed with significant advances achieved in both the Project funding package and physical construction activities on the ground. 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 with continued success seen in the upgraded mineral resource estimated for the Malilibeg South mineralisation south of the proposed pit.

Funding Package

On March 26 2013, the Company announced that it had obtained commitments to raise approximately US$57.7 million (before expenses) via the issue of a total of 545,033,044 new ordinary shares of 1 pence each in the Company at a price of 7 pence per new ordinary share, from certain existing shareholders (the Placing). As a result of reaching agreement with four of its major shareholders for equity funding, the Company has discontinued discussions with Solomon Capital Limited regarding its previously announced debt funding proposal. In addition to proposed equity finance, the Company will seek to raise approximately US$70 million in debt and it is intended that the debt facility will be available by the end of 2013.

At completion the combination of these two financing sources, the Company's current cash reserves and a credit for the Project capital works completed to date will provide adequate funding for the full construction of the Runruno project, including working capital through to production and the acquisition of the mining fleet. Previously it had been intended that the mining fleet would be funded using an operating lease structure but it is now planned to fund the $US15 million using debt.

Purchasing the mining fleet outright in lieu of using an operating lease structure will increase the headline capital cost of the project by US$15.0 million from US$167.8 million to US$182.8 million but is estimated to reduce the operating costs by around US$3.5 million per year. Based on the average forecast gold production this equates to a saving of approximately US$35 per ounce, reducing the estimated average operating cost to US$442 per ounce. Approximately US$35.0 million has been spent on Project capital works to date, US$21.3 million on site related works and US$13.7 million on the acquisition of the mining fleet.

In the March 26 announcement the Company also advised that it plans to raise up to approximately €4.5 million through an Open Offer to existing shareholders of approximately 55 million new ordinary shares of 1 pence each in the Company at a price of 7 pence per new ordinary share. Those shareholders participating in the Placing have irrevocably undertaken not to take up their respective rights under the Open Offer.

On approval of the US$57.7 million Placing by its shareholders at the General Meeting to be held on 22 April 2013, the Company will be able to proceed with the full construction of the Runruno project whilst it finalises the US$70 million debt package.

Infrastructure Site Works

A package of early construction works on selected key infrastructure and access components of the project is well advanced and is expected to be completed over the next quarter. This work has been completed within budget with approximately US$21.3 million of the forecast capital expenditure of US$ 182.8 million having been spent to date. The basis has now been established for the Project to efficiently proceed into full construction.

The current development program has been proceeding on a number of work areas:

- General site earthworks including site access roads, river crossings and the development of infrastructure pads;
- Processing plant pad earthworks;
- Construction of the camp and office facilities;
- Installation of a construction power system;
- Construction of the permanent connection to the power grid;
- Establishment of the potable water system;
- Erection of a concrete batching plant to support construction activities;
- Rehabilitation of the Solano – Runruno access road;
- Development of the pit access and tailing storage facility haul roads, the run of mine pad area and the heavy equipment workshop pad; and
- Acquisition of selected units of the mobile fleet.

General site earthworks

The batch plant, accommodation camp and office site pads and foundations have been completed and the infrastructure built.

A permanent road dedicated to project use has been constructed from the national Solano – Runruno road into the project site. The local access “Barangay” road has been rehabilitated for use by the local residents.

Image 1. Site access road - looking towards campsite and lay-down area

Processing plant earthworks

The processing plant earthworks are now complete and the site is ready for construction of the processing plant to commence. The pad has been independently verified as having met or exceeded the required design criteria and load bearing capacity. The finished pad is shown in image 2.

Image 2. Processing plant pad viewed from the mine "starter pit" area

Construction camp and site office

Phase I of the office facilities has been completed and occupied. Phase II being the duplication of the upper storey is approximately 85% complete and will be occupied during the next quarter. Good

progress has been made on the erection of the 650 person construction camp and the site office. Image 3 shows the office facility.

Image 3. Two storey office block

The construction camp and messing facilities are now well advanced and are approximately 70% completed, with three of five bunk house and ablution facilities and the messing facilities complete. Two additional bunk house and ablution complexes will be erected during the quarter which will complete the camp. The camp is designed to sleep 700 people and feed at peak in excess of 1,000. The facilities are shown in images 4 & 5.

Image 4. Construction camp - ablutions, accommodation and messing facilities (central building)

Image 5. Mess hall

A package sewage plant has been installed to service the camp and office facilities.

Construction power system

The construction power system has been established in the area of the permanent switchyard located in the processing plant area. Two 1,000 kVA generator sets have been installed and overhead power lines and junction boxes established around the processing plant site to support construction. The generating capacity has also been reticulated to the camp and office complex. Once phase 1 of the permanent grid power connection has been completed, power will be drawn from the grid with the generators being retained as a back-up supply. The facilities are shown in images 6 & 7.

Image 6. Construction power reticulation

Image 7. Construction generating capacity – Two 1,000 kVA units

Power Supply – Off Site

Permanent power will be supplied to the project from the Philippine National Grid via a connection at the Bayambong switch yard. The 69kV overhead power line connecting the switchyard to the mine site is being constructed in two stages, stage one from Maddiangat to Runruno over a distance of 22 kilometres and stage two Bayambong to Maddiangat a distance of 15 kilometres. Stage one has been advanced and is approximately 60% complete. The early completion of this link will enable early access to grid power initially at 13.9 kV until stage two is completed and the primary grid connection is made.

The early connection to the grid will reduce the cost of power to the project during the construction stage. Progress is shown in image 8.

Image 8. Stage One – 69kV power line Runruno to Maddiangat

Potable water system

A potable water system drawing water from the Lintugan River is being established. The 3.2 kilometre pipeline from the weir and pump house has been laid, and the weir, pump house and processing facilities are near complete. In addition to supplying the project requirements potable water will be made available to the Runruno town residents to replace the current raw water sources used for domestic supply. Laying of the water pipeline is shown in image 9.

Image 9. Laying potable water pipe line through Runruno township

Concrete Batch Plant

The concrete batch plant has been constructed. Around 14,000 cubic metres of concrete will be used in the construction of the project. The batch plant is shown in image 10.

Image 10. Concrete Batching Plant

Solano – Runruno Access Road

The first stage of upgrading the Solano – Runruno access road (a National Road) has been completed. Twelve kilometres of the road has been fully sheeted by placing and compacting crushed rock on the platform, a new all-weather surface established and the roadside drainage improved. The remaining 16 kilometres of the road is concrete paved and in good condition.

The second stage of the upgrade involving the realignment of a number of road curves to allow large trailers to travel along has commenced. In addition, the Department of Public Works and Highways (DWPH) is also working on the road. The DWPH is replacing a bridge and extending the concrete surface by a further 1.5 kilometres out of its annual budget. This work is well advanced and is due for completion during May.

Image 11. Solano-Runruno Road

Mine Area

The establishment of access into the mine area has proceeded well. The primary haul road from the run of mine pad (ROM) area to the starter pit has been established to grade and width. A road from the starter pit to the tailings storage facility has also been pioneered and a permanent crossing across the Sulong River is being established. Mining in the starter pit area has shown the ground conditions to be good with the exposed rock faces stand up at design angles. All work undertaken to date has been of a pioneering nature and achieved by using 30 tonne class excavators and ridged bodied 20 tonne dump trucks.

Image 12. Mine haul road

In the ROM area the site for the heavy vehicle workshop has been readied for the construction of the facility. Construction will commence during this quarter.

The Komatsu branded mining fleet comprising 6 HD 785-7 dump trucks, a PC 2000-8 hydraulic excavator, a PC 1250-8 hydraulic excavator, 2 D 475A-5 bulldozers and a GD 825A-2 motor grader has been purchased and is currently at port in Manila. It is expected that the fleet will be transported to site and assembled and commissioned over the next three months. Once commissioned the mining fleet will be used to pre-strip the ore-body with the waste material to be used in establishing the tailings storage facility retaining wall. Selected pieced of equipment are shown in images 13 & 14.

Image 13. Body of D 475 Bulldozer

Image 14. Engine Module of HD 785 Haul Truck

Process Plant Construction Contract

The Company has terminated all negotiations with Leighton Contractors (Asia) Limited in relation to its previously advised intention to enter into an Engineering and Construct contract and a Procurement contract ("EC&P") for the design and construction of the Runruno processing plant. After twelve months of work and negotiation in an open book environment the parties were not able to reach agreement on all of the commercial terms nor agree a gross maximum price formula.

It is now planned to "self-execute" the design and construction of the processing plant using specialised contractors and sub-contractors to execute the works. PIE, a specialist engineering firm, has been retained to assist the Company with managing this process and to assemble the expert team required to support the activities and that construction will commence early in Q3 2013. Detailed engineering using Contromation Energy Services, a specialist design engineer based in Jakarta, is well advanced.

Environment

Environmental works are ongoing with the Company actively mitigating silt runoff and rehabilitating cut surfaces as the site works progress. Routine ongoing environment and social monitoring programs have been maintained. The Company is an active participant in the Mining Forest Program and the Greening Philippines program. At Runruno, the Company is working with property owners to re-establish previously logged forests by planting large stands of trees endemic to the area. To date the project has planted in excess of 1.07 million trees and coffee seedlings in its various programs.

Once again the Company's Philippine operating subsidiary, FCF, was recognised for its environmental and rehabilitation work at Runruno and its community work in the host communities by being identified as an outstanding achiever at the 2012 Presidential Minerals Industry Environmental

Awards by being awarded the 2012 Presidential Mineral Industry Environment Award (Exploration Category). This is the second year running that the Company has achieved this prestigious award.

The award is a clear demonstration of the Company's commitment to being a responsible miner.

Image 15. 2012 and 2011 Presidential Mineral Industry Environment Awards

Government

On 28 February 2013, the Company advised the market that it was taking advice on the impact and effect of the publication from the Philippines Bureau of Internal Revenue (BIR) of a Revenue Memorandum Circular No 17-2013 (RMC17).

On 15 February 2013, RMC17 was issued by the Commissioner of Internal Revenue on the subject: "Clarifying the Taxes Due from Financial or Technical Assistance Agreement (FTAA) Contractors During 'Recovery Periods' ". RMC17 casts doubt upon the Company's ability to avail itself of any fiscal exemptions expressly provided for in its FTAA to the extent it states FTAA Contractors are liable to pay the taxes due under the National Internal Revenue Code.

This is contradictory to the provisions provided in the Company's FTAA, a legal contract with the Philippine Government. It is also our contention the substance of RMC17 is an erroneous interpretation of the Mining Act, its rules and regulations

The Company continues to work with the Authorities to resolve this matter.

Writ of Kalikasan

In November 2012, the Company announced that its subsidiary FCF Minerals Corporation (FCF) owner of the Runruno gold project in the Philippines, The Department of Environment and Natural Resources, The Mines and Geosciences Bureau and the National Commission on Indigenous Peoples were jointly served with an application for a Writ of Kalikasan, seeking any number of remedies from a restraining order through ordering the payment of additional compensation to termination of the Runruno FTAA. At that time FCF advised that it believed the basis of the writ was flawed with significant inaccurate "facts", and has a vexatious element. This continues to be the case.

The application for the Writ has now been in the court system for five months with a number of submissions made and court appearances completed. To date all of the applications by the petitioners including injunctive relief have been denied by the Court but the substantive matters in their application remain to be heard. The Court has however granted FCF permission to have the application for a Writ to be determined as a Strategic Lawsuit Against Public Participation (SLAPP) matter on the basis that it is frivolous and vexatious and seeks to use a court action for an improper purpose. The court is yet to hand down its decision in this application but if it is successful the application for a writ of Kalikasan will be dismissed.

FCF continues to believe that the Writ will not be successful, and therefore no quantitative value of its impact has been made.

Regional Exploration

Exploration work designed to systematically assess the FTAA for additional Runruno style gold mineralisation and also for porphyry copper-gold mineralisation has continued. Activities included diamond drilling, geological mapping and regional geochemistry. Drilling activities were confined to the south of the planned pit area (resource extension). Two diamond drill rigs were committed to the program.

Runruno Mineral Resource Extension

Diamond drilling south of the proposed Runruno open pit continued in an area now known as Malilibeg South, testing the exploration model of a wide flat-dipping mineralised structure at depth which has been successful with the strike length of the mineralisation extended further south. The zone now extends around 700 metres south of the proposed Runruno pit and has been identified on both the eastern and western sides of the Malilibeg Fault structure towards the southern extents of the known area. The mineralisation remains open to the south and in the east at the southern end of the zone. Drilling will continue to better define the full extent of the mineralisation.

The results of all of the completed diamond drill holes drilled into and proximal to the mineralised zone have now been incorporated into the geological model and Mining Associates were retained to re-estimate the mineral resource.

The JORC 2012 categorised Mineral Resource for the Malilibeg South Deposit has been classified in the inferred confidence category on a spatial, areal and zonal basis and is summarised in the following table and more completely reported in Mining Associates Report set out in Appendix 1 to this report.

Malilibeg South Mineral Resource Estimate, March 2013

Resource		Grades		Contained Metal	
Category	**M Tonnes**	**Au g/t**	**Mo ppm**	**Au M oz**	**Mo M lb**
Inferred	7.55	1.40	1,200	0.34	19.98

Drilling activities to test the southern and eastern extensions to more fully define a zone of higher grade material located around the Malilibeg Fault Structure will continue throughout Q2.

Summary Notes to accompany Malilibeg South Inferred Resource estimate

1. This information should be read in conjunction with Appendix 1 Table 1 of the report Runruno Project , Malilibeg South Resource prepared by Mining Associates which is provided at Appendix 1 of this report.
2. The Runruno Project is located in the Nueva Viscaya Province, Philippines.
3. The Runruno project is operated by FCF Minerals Corporation ("FCF") under a Financial or Technical Assistance Agreement (FTAA) No 4-2009-II.
4. FCF is a Philippine incorporated company and a subsidiary of AIM (London) listed Metals Exploration Plc ("MetalsEx"). MetalsEx owns 100% of FCF.
5. The resource estimate is based on diamond drilling results and assays received to the end of December 2012 in an area to the south of the existing Runruno resource.
6. Mineralisation style and lithologies are similar to the main Runruno deposit and drill holes have intersected the mineralised structures at depths predicted by the geological model.
7. A total of 30 diamond drillholes (7,220m) have been used to inform the estimate
8. All analyses undertaken by Intertek, an internationally accredited independent laboratory.
9. Gold analysis by classical 1kg screen fire assay analysis.
10. Molybdenum analysis by mixed acid digest and ICP-OES.
11. Block model estimation block sizes of XYZ 20x20x5m. Sub-blocking for volumes only to 5x5x1.25m. Screened for topography by sub-block.
12. Geological model constrained by sub-block with 4 domains based on lithology, structure, alteration, and a minimum sample grade of 0.3 g/t Au, includes minor internal dilution. Each sub-block can only belong to one domain.
13. Drill intercepts within each domain flagged in a database table and composited 2m downhole giving 256 informing samples from 30 drillholes.
14. A gold grade cap was applied to informing 2 metre composites to remove minor outliers. Only the main structure had sufficient intercepts to determine a suitable grade capping strategy. Gold was capped at 9.5g/t (99.5%ile) and molybdenum was capped at 7090ppm (98%ile).
15. Routine bulk density measurements undertaken on drill core by FCF show that it varies mainly according to weathering (fresh, transition, and oxidised) and lithology (crystal lithic tuff, tephrite porphyry, monzonite).
16. Grade interpolated into a constrained block model by domain using Ordinary Krige estimation in 2 passes with parameters based on variography by domain. Estimates validated against informing samples and with nearest neighbour and inverse distance squared block estimation on a global basis and by swath plots.
17. Resources have been classified in compliance with the JORC Code as Inferred. Geological evidence is sufficient to assume geological continuity. The drill density is insufficient to assure grade continuity though it is assumed and is based on limited sampling.
18. Lower cut-off grade of 0.5g/t gold applied to blocks in reporting the resource estimates.
19. Molybdenum grades are reported along with the gold grades by resource categories but a consistent laboratory bias low in molybdenum assay standards of 12% to 20% is recognised by FCF but has as yet not been addressed.
20. Drilling, logging, sampling, and assaying techniques used were similar to those used to produce the Runruno deposit resource and reserve estimate of March 2011.
21. Routine bulk density measurements (which show little variation according to oxidation state or lithology) were undertaken on drill core by FCF. The bulk density of 2.5 used for tonnage estimates was the same as that used to produce the Runruno resource and reserve estimate of March 2011.

Magnetite Creek

Previously reported drilling in the Magnetite Creek area, 2 kilometres south-east of Runruno, had intersected encouraging zones of copper and gold mineralisation associated with the brecciated parts of a west dipping north-westerly-trending monzonite-monzodiorite intrusive.

A geological consultant experienced in porphyry copper-gold deposits was retained to review these results and assist in targeting further testing. He recently completed his review which included a period of time at the site and confirmed that the Magnetite Creek prospect hosts alkaline porphyry copper-gold mineralisation similar to that being mined at the nearby Didipio copper-gold deposit. However he is of the opinion that drilling to date has shown the mineralisation to occur in restricted zones probably linked to individual monzonite and syenite intrusions. This form of occurrence lessens the potential at Magnetite Creek for a large scale open-pittable copper-gold deposit close to the surface.

However the geological consultant considers that the presence of alkaline-porphyry-related mineralisation at Magnetite Creek makes the entire Runruno licence area highly prospective for similar styles of mineralisation. In particular he highlighted the potential for a copper-gold porphyry deposit to be present at depth beneath the main Runruno deposit.

No further immediate work is planned in the Magnetite Creek area however targets will be defined for drill testing to better delineate the copper-porphyry gold potential identified.

Regional Exploration

Regional exploration activities in the southern part of the FTAA area included creek and ridge mapping and geochemical sampling. A soil and stream geochemistry program has recently been completed and a follow up trenching activity will commence shortly to test the anomalous gold values returned.

Six drill holes were bored to test chargeability anomalies defined in the 2011 ground geophysical survey in the Cabinuangan-Cabocbocan area. One of the holes, TUD041, 120m south of Tulingan Creek and east of the Sulong River, intersected significant gold and molybdenum mineralisation which has been interpreted as being related to mineralisation intersected further north. A notable feature of the mineralisation is the exceptional molybdenum content within the structures. The intersections reported from this hole are shown in the following table:

Hole ID	Metres From	Metres To	Width (metres)	Au g/t	Mo ppm
TUD041	106	108	2	0.71	875
	125	127	2	0.79	999
	136	137	1	0.92	1,260
	152	163	11	1.16	5,548
	201	213	12	2.56	6,735
	217	219	2	7.49	1,277

Follow-up drilling aimed at confirming a connection between the mineralisation intersected in TUD041 and the Malilibeg South mineralisation will commence during the next quarter.

Drill Hole Location

The location of the drill holes referred to in this report is shown in the tables below.

Hole No	UTM Grid East	UTM Grid North	Collar Elevation (m)	UTM Azimuth (deg)	Dip (deg)	Depth (m)
TUD041	321557	1813867	455	090	-44	250

Approval

Mr Ian Holzberger, a director of the Company, who has been involved in the mining industry for more than 40 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.

Competent Person

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Ian Taylor, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Taylor is an employee of Mining Associates Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ”Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Taylor consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Forward Looking Statements

Statements relating to the estimated or expected future production, operating results, cash flows and costs and financial condition of Metals Exploration plc, 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.

Technical Notes and Glossary of Technical Terms

"assay" qualitative or quantitative analysis of a metal or ore to determine its components

"Au" chemical symbol for gold

"block model" a computer based representation of a deposit in which geological zones are defined and filled with blocks which are assigned estimated values of grade and other attributes. The purpose of the block model (BM) is to associate grades with the volume model. The blocks in the BM are basically cubes with the size defined according to certain parameters.

"bulk density" the dry in-situ tonnage factor used to convert volumes to tonnage. Bulk density testwork is carried out on site and is relatively comprehensive, although samples of the more friable and broken portions of the mineralised zones are often unable to be measured with any degree of confidence, therefore caution is used when using the data. Bulk density measurements are carried out on selected representative samples of whole drill core wherever possible. The samples are dried and bulk density measured using the classical wax-coating and water immersion method. The average bulk density for the mineralisation has been estimated at 2.5 using more than 3,000 measurements on drill core.

"cut-off grade" the lowest grade value that is included in a resource statement. Must comply with JORC requirement 19: "reasonable prospects for eventual economic extraction" the lowest grade, or quality, of mineralised material that qualifies as economically mineable and available in a given deposit. May be defined on the basis of economic evaluation, or on physical or chemical attributes that define an acceptable product specification.

"g/t" grammes per tonne, equivalent to parts per million

"g/t Au" grammes of gold per tonne

"grade cap" the maximum value assigned to individual informing sample composites to reduce bias in the resource estimate. They are capped to prevent over estimation of the total resource as they exert an undue statistical weight. Capped samples may represent "outliers" or a small high-grade portion that is volumetrically too small to be separately domained.

"JORC" or "JORC 2012"

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 (the "JORC Code" or "the Code"). The Code sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

The definitions in the JORC Code are either identical to, or not materially different from, those similar codes, guidelines and standards published and adopted by the relevant professional bodies in Australia, Canada (NI43-101), South Africa, USA, UK, Ireland and many countries in Europe.

"JORC Inferred Resource"

that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.

"JORC Indicated Resource"

that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

"JORC Measured Resource"

that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops,

trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

"JORC Proven Reserve"
is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

"JORC Probable Reserve"
is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

"kriging neighbourhood analysis, or KNA"
The methodology for quantitatively assessing the suitability of a kriging neighbourhood involves some simple tests. It has been argued that KNA is a mandatory step in setting up any kriging estimate. Kriging is commonly described as a "minimum variance estimator" but this is only true when the block size and neighbourhood are properly defined. The objective of KNA is to determine the combination of search neighbourhood and block size that will result in conditional unbiasedness.

"Km" Kilometres

"lb" Avoirdupois pound (= 453.59237 grammes). Mlb = million avoirdupois pounds

"M" Metres

"Mineral Resource"
a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories when reporting under JORC.

"micron (µ)" a unit of length (= one thousandth of a millimetre or one millionth of a metre).

"Mining Reserve"
the part of a mineral resource which is economically and technically feasible to extract.

"2P Mining Reserve"
Proven and Probable Reserves.

"Mo" chemical symbol for molybdenum

"Monzonite-monzodoirite"
A course grained intrusive igneous rock intermediate between syenite and diorite

"oz" Troy ounce (= 31.103477 grammes). Moz = million troy ounces

"ROM" Run of mine

"screen fire assay"
a method of analysing gold through separating the coarse and fine grained particles then assaying them to produce a weighted average.

"strip ratio" the ratio of the amount of waste which needs to be extracted in order to remove 1 unit of ore.

"Syenite" A course grained intrusive igneous rock belonging to the alkali series

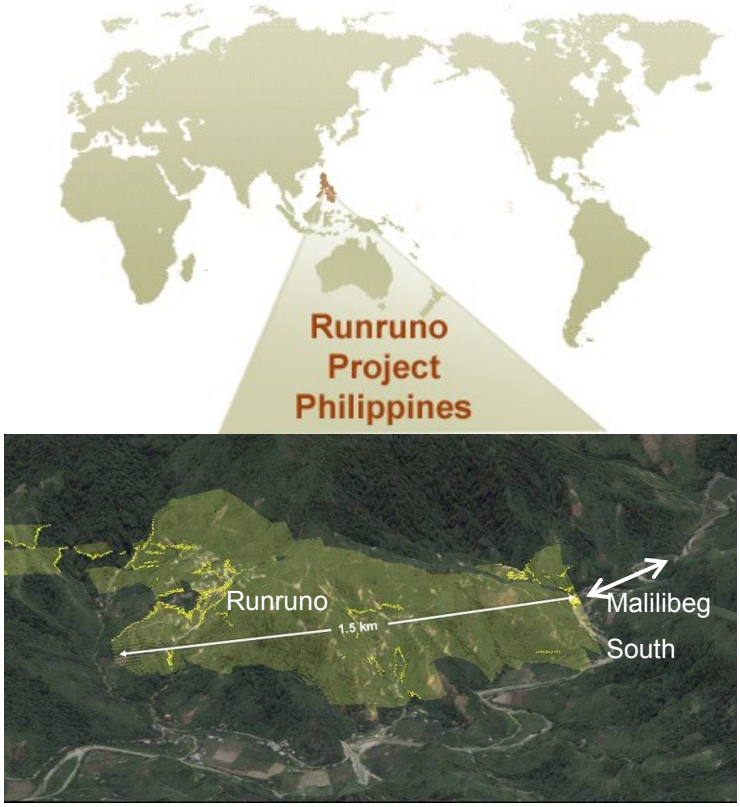
"t" tonne (= 1 million grammes)

Malilibeg South Resource
Update
March 2013

Runruno Project

Malilibeg South Resource

Nueva Viscaya Province, Philippines



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Introduction

This memorandum describes the Geological Model and Resource Estimation undertaken for the Malilibeg South Resource at the Runruno Project conducted by Mining Associates Pty Ltd ("MA"). The project comprises one granted Financial or Technical Assistance Agreement ("FTAA-04-2009-II") located in Northern Luzon, Philippines. It is located approximately 200 km to the north of Manila in the province of Nueva Viscaya, and is accessed via major national highways to the nearest town, Solano, and then 25 km via a partly sealed national road. The Runruno Exploration Permit covers an area of 3,091 hectares.

The license is held by FCF Minerals Corporation ("FCF"), a Philippine incorporated company and a subsidiary of AIM (London) listed Metals Exploration Plc ("MetalsEx"). MetalsEx owns 100% of FCF.

Mr Ian Holzberger, Executive Chairman of MetalsEx and Runruno Project Director commissioned MA in March 2013 to prepare a new independent geological model and resource estimate compliant with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves standards ("JORC"). This report has been prepared in compliance with the requirements of JORC.

New information available from recent drilling and exploration work has provided sufficient data to define a resource referred to as Malilibeg South. MA has created a three dimensional model of the geology and mineralisation south of the Sulong River. Mineralisation is still open to the south with potential to further add to the resource base.

The inferred resource defined at Malilibeg South consists of 7.55Mt at 1.40g/t Au and 1,200 ppm Mo for 0.34M oz Au and 19.98M lb Mo.

Resource		Grades		Contained Metal	
Category	M Tonnes	Au g/t	Mo ppm	Au M oz	Mo M lb
Inferred	7.55	1.40	1,200	0.34	19.98

The approach to resource estimation used by MA consisted of wireframing the lenses on 50 metre cross sections; grouping the wireframes into domains of similar orientation and geology; tagging, compositing and statistical analysis of the drill intercepts by domain; estimation using Ordinary Kriging of gold and molybdenum into a block model; analysis and validation of estimation confidence guided by informing data spacing, geology and statistical measures and subsequent resource classification and reporting.

Previous Estimates

The previously categorised Mineral Resources for the Malilibeg South deposit were classified in the inferred confidence category on a spatial, areal and zone basis and are compiled in following table.

Table 1: Malilibeg South Resource Estimate - June 2012

Resource		Grades		Contained Metal	
Category	M Tonnes	Au g/t	Mo ppm	Au M oz	Mo M lb
Inferred	3.45	1.7	1,859	0.19	14.1

Geology and Domains

The Runruno region has been reported as having abundant gold and other precious metals since the early 1960s. MetalsEx first became involved with the Runruno deposit in 2005 and has undertaken extensive geological exploration since that time and, through FCF, is currently focused on developing the gold and molybdenum resources at Runruno.

MA has observed that security, access, infrastructure and available workforce are all favourable for the development of mineral resources at Runruno due to previous activity by mining and exploration companies at Runruno and elsewhere in the province. MetalsEx has established strong links with the community through the Runruno Foundation, which provides education, skills training and infrastructure development to the local people. These activities are soundly based and of the highest standards.

The Malilibeg South gold-molybdenum deposit has been defined over a strike length of 550 metres, comprising a series of stacked, shallow dipping mineralised lenses. The lenses appear to be best developed in both width and grade in the immediate hanging wall of the north-south striking, moderate west dipping Malilibeg Fault, and along the fault zone itself, similar to the Runruno deposit. The mineralised combined intercepts ranges from 2 to about 20 meters in thickness. The source of the mineralisation is not known at this time.

The deposit is located on the western edge of a large alkaline volcanic complex, the Runruno Volcanic Complex, which is approximately 3.5 kilometres in diameter, of which less than 20% has been effectively explored. The area is predominantly underlain by silica-under-saturated, alkali–rich intrusive rocks consisting of monzonite to syenite porphyry belonging to the Palali –Cordon Intrusive Complex. Coeval with these intrusions are thick sequences of volcanoclastic tuffs, volcanic breccias and agglomerates forming a characteristic domal feature within the central part of the FTAA area.

The Malilibeg South deposit is considered an alkaline type epithermal deposit, i.e. an epithermal gold-molybdenum mineralised system in an alkalic intrusive setting. The style of gold mineralisation is very distinct but quite rare in that quartz veining is absent, alteration and veining is dominated by adularia

and the gold occurs mostly as fine disseminations associated with pyrite and, significant, molybdenite. The major host unit is a crystal tuff capped by a coarse volcaniclastic fragmental.

Resource Update

In February 2013 the Malilibeg South resource estimate was updated using the results of the 2012 Exploration drilling program.

The resource was estimated on the basis of current drilling consisting of 30 diamond drill holes (7220 metres).

The new information available from recent drilling and exploration work has resulted in improved geological and model interpretations. The mineralisation is still open to extension particularly in the south, with good potential to further add to the resource base.

The approach to the resource estimation consisted of wireframing the lenses in section; grouping the wireframes into domains of similar orientation and geology; tagging and statistical analysis of the drill intercepts by domain; estimation using Ordinary Kriging of gold and molybdenum into a block model; analysis and validation of estimation confidence guided by informing data spacing, geology and statistical measures and subsequent resource classification and reporting.

The JORC categorised Mineral Resources for the Runruno Project have been classified in the inferred confidence categories on a spatial, areal and zone basis and are compiled in following table. The inferred resource is generally based on 50m to 100m spaced drilling.

Table 2: Malilibeg South Inferred Resource - March 2013

Resource		Grades		Contained Metal	
Category	M Tonnes	Au g/t	Mo ppm	Au M oz	Mo M lb
Inferred	7.55	1.40	1,200	0.34	19.98

Supplied Data

MA maintains the FCF drill hole database, site provides drill data in the form of excel data sheets, the data is electronically imported into the master database. Assay results are sent electronically directly from the third party laboratory. Monthly QAQC reports are produced and sent to site for quality control purposes.

Drill Hole Spacing

Drill hole data spacing is variable within each domain, though the majority of the mineralised body is drilled on a 100m grid with some section have fan drilling infilling to 50m centres.

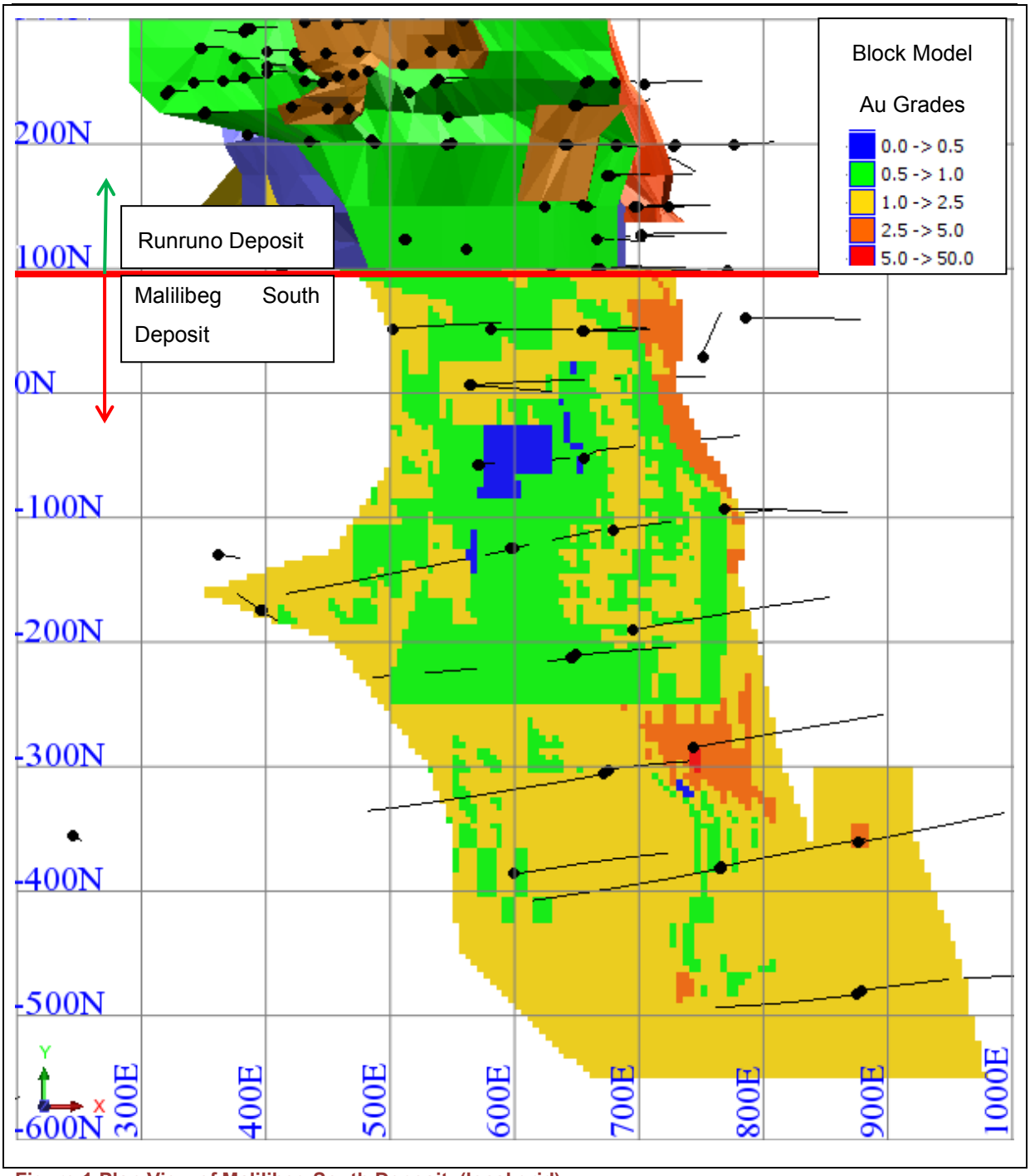

Figure 1:Plan View of Malilibeg South Deposit. (local grid)

Domains and Stationarity

A domain is a three-dimensional volume that delineates the spatial limits of a single grade population, has a single orientation of grade continuity, is geologically homogeneous, and has statistical and geostatistical parameters that are applicable throughout the volume (i.e. the principles of stationarity apply). Typical controls that can be used as the boundaries to the domains include structural features, individual veins, weathering, mineralisation halos and lithology.

By defining individual lenses as domains, stationarity concerns are minimised with the resource estimation as each domain restricts the contained grade population to that lens. Additionally a grade capping strategy and composting was also employed to counter non-stationarity issues.

Histograms, log probability plots, mean and CV plots were generated to aid the assessment of the gold and molybdenum distribution within each domain.

Informing Samples

Basic statistics report the univariate statistical characteristics for each geological domain. The basic statistics are also used as a validation of the later resource estimates. The univariate statistics have been generated on each of the vein domains at Malilibeg South.

Compositing

Two metre down-hole composite were chosen for the statistical analysis and grade estimation of Au and Mo within the defined domains.

The objective of compositing data is to obtain an even representation of sample grades and to eliminate any bias due to sample length (volume variance). The dominant sample length at the Malilibeg South Deposit is one metre. An important factor in compositing is the mining method, the critical feature is the perceived bench height, and in an open pit gold mine a 2.5 metre flitch height is common. To limit clustering of informing data in the z direction and after consideration of the flitch height and the raw sample length, a composite length of two metres was selected. Surpac's "Fixed Length" feature was selected as the compositing method, with a minimum length of 50% permissible. The mean remains reasonably un-affected, and the variance is marginally reduced with two metre composites.

Grade Capping

Capping is the process of reducing the grade of the outlier sample to a value that is representative of the surrounding grade distribution. Reducing the value of an outlier sample grade minimises the overestimation of adjacent blocks in the vicinity of an outlier grade value. At no stage are sample grades removed from the database if grade capping is applied.

Gold and Molybdenum are naturally nuggety in nature and prone to outliers. Histograms, log probability plots, mean and CV were all considered when selecting a suitable grade cap. Each lense and element was assessed individually, though only lens 604 has sufficient intercepts for meaningful analysis. Due to the low number of sample in each lens, low uncapped CVs, and the dramatic effect capping has on the means and CVs slight grade caps were selected.

Table 3: Malilibeg South Basic Gold Statistics and Grade Capping

	Uncapped Composite Data				Capped Composite Data				Grade	
Domain	Count	Mean	Maximum	CV	# Capped	Mean	**Cap**	CV	% Cap	% Δ
102	6	0.53	1.54	0.95	1	0.53	**1.5**	0.95	16.67%	-0.2%
204	46	0.94	2.38	0.64	1	0.94	**2.3**	0.64	2.17%	-0.2%
605	23	0.94	3.33	0.95	1	0.94	**3.3**	0.95	4.35%	0.0%
604	181	1.70	10.43	0.96	1	1.70	**9.5**	0.95	0.55%	-0.3%

Table 4: Malilibeg South Basic Molybdenum Statistics and Grade Capping

	Uncapped Composite Data				Capped Composite Data				Grade	
Domain	Count	Mean	Maximum	CV	# Capped	Mean	Cap	CV	% Cap	% Δ
102-Mo	6	1243	4486	1.31	1	1240	**4470**	1.30	16.67%	-0.2%
204-Mo	46	976	6589	1.26	1	947	**5240**	1.16	2.17%	-3.0%
605-Mo	23	299	1439	1.15	1	299	**1430**	1.14	4.35%	-0.2%
604-Mo	181	1278	10001	1.40	4	1242	**7090**	1.32	2.21%	-2.8%

Variography

The most important bivariate statistic used in geostatistics is the semivariogram. The experimental semivariogram is estimated as half the average of squared differences between data separated exactly by a distance vector 'h'. Semivariogram models used in grade estimation should incorporate the main spatial characteristics of the underlying grade distribution at the scale at which mining is likely to occur.

The semivariogram analysis was undertaken for gold and molybdenum within the two major grade domains (M204 and L604). Very poor variograms were generated due in part to insufficient sampling spacing. The minor domain U102 with insufficient data to generate variograms utilised variogram models from an analogous lens in the Runruno Deposit. Variograms generated from L604 were used for domain L605. The variogram modelling process is described as follows:

- Experimental variograms with small lags orientated down hole to aid interpretation of nugget effect
- Omni-directional variogram to determine optimal lag distance for directional component of variogram
- Variogram map, computing 36 directions in the reference plane
- Directional variogram with 2 directions in reference plane (down dip) oriented parallel to the average orientation of the wireframe models of each domain, plus variogram normal to the plane (across strike). Geometric anisotropy was modelled.

Due to the poor nature of the experimental variograms, the modelled variograms are orientated along strike and down dip of the deposit, with a shallow plunge to the south.

Table 5: Variogram Parameters-Gold

Domain	Nugget	Sill1	Range1	Sill2	Range 2	Semi Minor Ratio	Minor Ratio
U102	0.25	0.41	60	0.34	210	1	30
L605	0.18	0.42	50	0.39	100	1.33	2
L604	0.18	0.42	50	0.39	100	1.33	2
M204	0.6	0.28	5	0.12	60	2	2

Table 6: Variogram Parameters-Molybdenum

Domain	Nugget	Sill1	Range1	Sill2	Range 2	Semi Minor Ratio	Minor Ratio
U102	0.35	0.65	70	-	-	2.33	3.5
L605	0.25	0.58	36	0.17	100	1.33	4
L604	0.25	0.58	36	0.17	100	1.33	4
M204	0.35	0.65	70	0	0	0	0

Search Radii

Search radii are generally optimal at or near the distance that the variogram reached the sill. Estimation is conducted in two passes, the first pass is utilises search distances similar to the range of the variograms with semi major and minor ratios for the search axis defined from variogram analysis. Orientations were derived from semi-variogram analysis, the defined search ellipse was generated in Surpac and checked against the respective vein to ensure the parameters observed fitted the geological interpretation.

Table 7: Search Parameters

		Search Ellipse			Orientation			Samples	
Element	Domain	Distance	Semi major-ratio	Minor Ratio	Bearing	Plunge	Dip	Minimum Samples	Maximum samples
Gold	U102	210	1	10	340	-2	5	8	24
	L605	100	1.33	2	357	10	30	8	24
	L604	100	1.33	2	357	10	30	8	24
Moly	M204	100	2	2	348	10	29	8	24
	U102	150	2	10	330	-2	5	8	24
	L605	100	1.33	4	340	0	30	8	24
	L604	100	1.33	4	340	0	30	8	24

The majority of blocks within the interpreted wireframes were filled using the parameters of the first pass. For the lateral extremities of interpreted L604 and M204 a second pass was required to inform the remaining few blocks. The search distance was increased to 300 metres and the minimum number of informing samples reduced to 3, the maximum number of informing samples was reduced to 20. The majority of the interpreted mineralisation was informed in the first pass. The most notable area requiring the second pass was the western margin of zone L604.

Block Model

The Malilibeg South block model uses rectangular shaped blocks measuring 20 mE by 20 mN and by 5 mRL in height. The choice of the block size was patterned with the dominant trend and continuity of mineralisation, taking into account the dominant drill pattern.

Parent Block Size

Panel size selection was based on the current drill pattern and sample density provided by the resource drilling. Consideration of grade control drilling and mining method was secondary and influenced the sub block sizes and cell discretisation of the parent blocks. Overly small blocks were avoided to minimise smoothing and bias. The grade estimation uses ordinary kriging with a moving search ellipse to select the informing samples.

Table 8: Block Model Origin and Extents

Type	Y	X	Z
Minimum Coordinates	-705	10	100
Maximum Coordinates	2075	1410	850
User Block Size	20	20	5
Min. Block Size	5	5	1.25

Discretisation

Cell discretisation is varied based on the estimation technique used 1 x 1 x 1 was selected for Inverse Distance Squared as it is a quick validation check of the nugget and variogram parameters. The Krige estimate used a 5 x 5 x 1 discretisation, giving discretisation nodes equal distance within the block. 5m is considered an appropriate discretisation nodal distance as it is double the flitch height; sub block size and composite size are around 2.5m.

Block Model Attributes

The block model stores numerous variables either calculated or directly assigned. Grade variables were estimated using ordinary kriging and associated statistics for gold (average distance to informing samples, distance to nearest sample, number of informing samples, krige variance, and conditional bias slope) are stored. Blocks above topography were excluded.

Table 9: Block Model Attributes

Attribute Name	Type	Decimals	Background	Description
au_id_ct	Float	4	0	gold inverse distance estimate capped
au_nn_ct	Float	4	0	gold nearest neighbour estimate capped
au_ok_ct	Float	4	0	gold ordinary krige estimate capped
au_ok_un	Float	4	0	gold ordinary krige estimate uncapped
density	Real	2	0	in-situ dry bulk density
lode_id	Integer	-	-99	lode number
lode_vein	Character	-	W	Mineralisation Domain
mined	Integer	-	0	Mined Out > 1 Insitu=0 Air = 1
mo_id_ct	Float	4	0	molybdenum inverse distance estimate capped
mo_nn_ct	Float	4	0	molybdenum nearest neighbour estimate capped
mo_ok_ct	Float	4	0	molybdenum ordinary krige estimate capped
mo_ok_un	Float	4	0	molybdenum ordinary krige estimate uncapped
ore_pct	Real	3	0	Percentage of block that is ore
rescat	Integer	-	-99	Resource classification
rock_code	Character	-	waste	rock code - air, mfault, river, clay, waste, ore, tephra phonolite = tpp, volcaniclastic = vc, monzonite = monz
sam_rec	Real	2	0	0 unestimated or no recovery data; 1 useless 2 poor 3 moderate 4 good
weathering	Character	-	air	fresh = frs, partially oxidised = pox, oxidised = tox, air = air
zok_ads	Real	2	0	average distance to samples
zok_cbs	Real	2	0	Conditional bais slope
zok_dns	Real	2	0	distance to nearest sample
zok_ke	Real	2	0	krige efficency
zok_kv	Real	2	0	krige variance
zok_ns	Integer	-	0	number of informing samples
zok_ps	Integer	-	0	1 First Pass; 2 Second Pass Estimate

Bulk Density

Bulk density is assigned based on the oxidation profiles; Default densities are assigned as follows: oxidised material is assigned 2.1. The partially oxidised material is assigned 2.3 and fresh material is assigned 2. 5. There is no distinction between mineralisation and waste bulk densities. Subsequent to the default densities detailed bulk densities are assigned based on interpreted geological wireframes. Bulk Densities assigned are based on rock type and oxidation states as listed in Table 10.

Table 10: Bulk Density per rock type and oxidation state

Rock Type	Oxidation State	Density
Default	ox	2.1
Default	po	2.3
Default	fr	2.5
tpp	ox	2.49
tpp	po	2.56
tpp	fr	2.6
vc	ox	2.3
vc	po	2.38
vc	fr	2.5
monz	ox	2.49
monz	po	2.49
monz	fr	2.62

Validation

Block models were validated by visual and statistical comparison of drill hole and block grades and through grade-tonnage analysis.

Kriged gold and molybdenum estimates were validated against a Nearest Neighbour and inverse distance squared estimates which shows a close comparison across all domains. (Figure 2 and Figure 3)

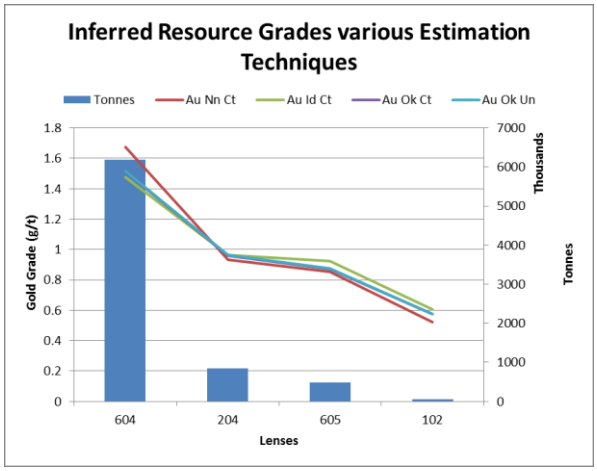

Figure 2: Comparison of various estimation techniques, Indicated Resource - Gold

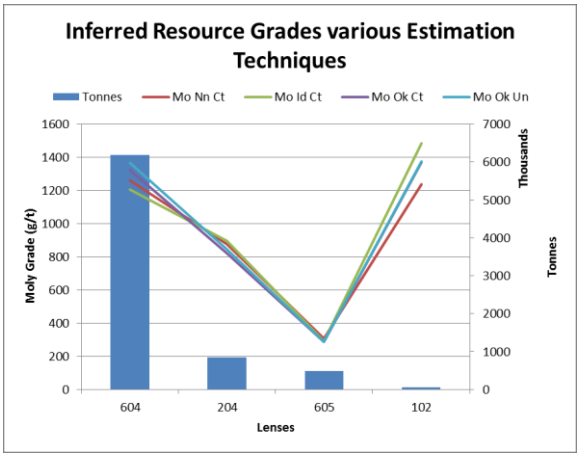

Figure 3: Comparison of various estimation techniques, Indicated Resource - Silver

The nearest neighbour estimate displays higher gold grades for L604. Caution needs to be exercised as this high material is proximal to Malilibeg fault and should be contained to that region. Additional drill information proximal to Malilibeg fault is required to determine more accurately appropriate extents of the high grade material.

Swath Plots were generated on 50 metre sections (perpendicular to strike). The model generally reflects the drill data well. Significant smoothing can be seen in the modelled grades, reflective of the high short range variability in assay grades. (as seen in the variogram models)

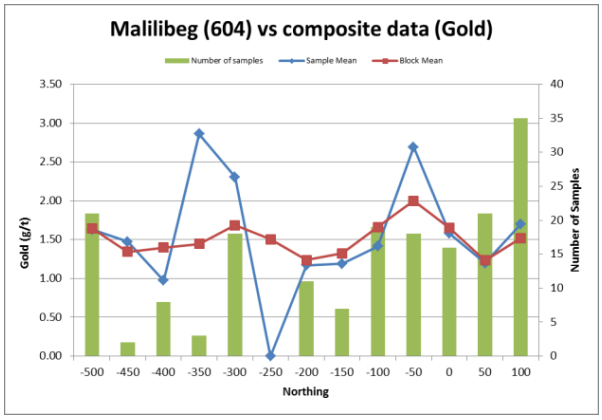

Figure 4: Lens L604 Gold Swath Plot

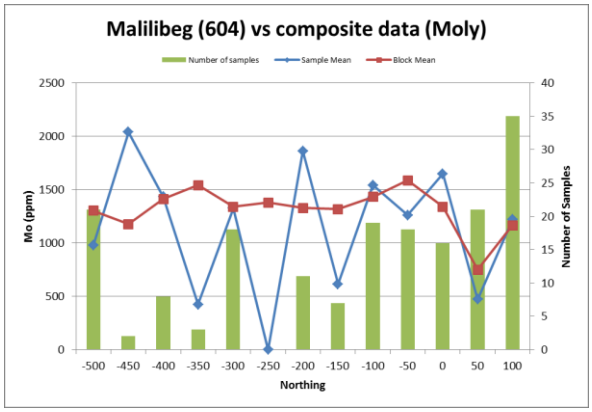

Figure 5: Lens L604 Moly Swath Plot

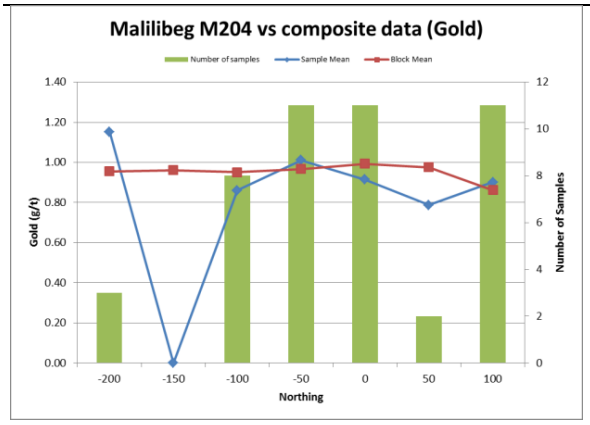

Figure 6: Lens M204 Gold Swath Plot

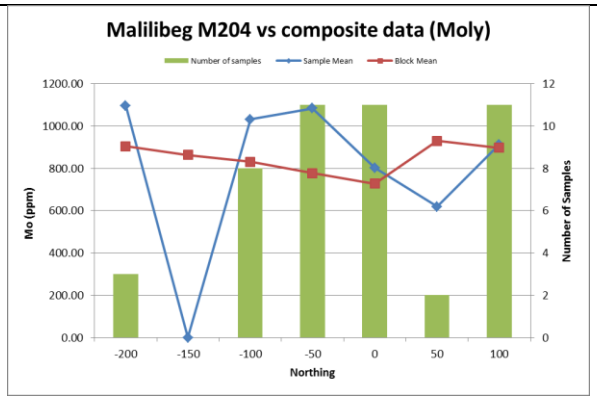

Figure 7: Lens M204 Moly Swath Plot

Resource Classification

Resource classification is based on definitions as defined in the JORC code and is reported according to the JORC 2012 Guidelines. Summary notes are provided in JORC 2012 Table 1 format in Appendix 1.

A lower cut-off grade of 0.5g/t Au was applied to blocks when reporting the resource estimates. Molybdenum is produced as a by-product and is included in the final Block Model report and estimates.

The entire Malilibeg South Resource is classified as Inferred; there is sufficient geological and sampling data to imply the geological model is robust with implied grade continuity. The resource is based on exploration, sampling and testing information gathered through appropriate techniques such as drill data and regional mapping.

Assumptions for 'reasonable prospects for eventual economic extraction'

Assumptions for reasonable prospects for eventual economic extraction applied to this deposit include but may not be limited to the following:

- Gold pricing used of US$1200 troy ounce;
- Assumed site operational cash costs (all up, including mining, process, admin and support) of about US$16.17 per tonne;
- Molybdenum has no attributed value, though is likely to be extracted and add significant value;
- Sulphur grades in the mill feed will not affect recovery as the float circuit will concentrate to appropriate levels;

Table 11: Assumptions for "reasonable prospects for eventual economic extraction

Parameter	Unit	Value
Mill throughput	Mtpa	1.75
General and Admin cost	US$/t ore	$0.50
Processing cost	US$/t ore	$14.45
Average mining cost	US$/total tonne	$1.22
Total Cost		$16.17
Gold Price	US$/Oz	1200
Molybdenum Price	US$/lb	15
Exchange Rate, USD/$		1
Average recovery – Au		90%
Average recovery – Mo		0%
CUT-OFF GRADE		
Gold (Au), g/t		***0.46***
Molybdenum (Mo), ppm		***0.0***
Gold Equivalent (Aueq) g/t		***0.46***

Discussion

The March 2013 updated resource of 0.34 Moz an overall increase of 150,000 oz in total resource from that announced in June 2012 represents an increase in tonnage offset by a slight decrease in grade. The 2012 drill programme focused on increasing the inferred resources and as minimal infill drilling has occurred no indicated or measured resources have been defined at Malilibeg South. Much of the potential higher grade inferred material is proximal to the Malilibeg Fault, MA would recommend minor infill drilling along the strike of the fault, targeting the higher grade mineralisation in the hanging wall of the fault.

MA recommends a series of holes running along the 600m Easting to infill the lateral projections of the lower lode, (L604).

In the south and south east of the deposit the new information available from recent drilling and exploration work has indicated additional mineralisation could extend on the eastern side of the Malilibeg fault south of the Tulingan Creek.

Ian Taylor

Brisbane

29 March 2013

Appendix 1: JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
Sampling techniques	• The resource estimate is based on diamond drilling results and assays received to the end of December 2012 in an area to the south of the existing Runruno resource. Mineralisation style and lithologies are similar to the main Runruno deposit and drillholes have often intersected the mineralised structures at depths predicted by the geological model. • Diamond drilling, logging, sampling, and assaying techniques used were similar to those used to produce the Runruno resource and reserve estimate of March 2011 • HQ core is cut in half using a diamond saw (100% of core recovered) and half of the core is submitted for analysis. • Sample preparation by Intertek included drying, crushing (to 2mm), splitting, and pulverising (95% <75micron) prior to analysis.
Drilling techniques	• All diamond core has been drilled HQ. • Downhole surveys have been taken every 50m down the hole using a Relex EZ-TRAC instrument. • Some core orientations have been measured using a Reflex ACT tool. • The diamond drill programs were conducted by FCF using its own drill rigs. • A total of 30 diamond drillholes within an area of 650m by 250m immediately south of the existing Runruno resource were used to estimate the resource
Drill sample recovery	• The core is marked up and measured by geotechnicians. This is checked against metres drilled (as recorded by the drillers) and a 'core recovery' is calculated. • Routine bulk density measurements (which show little variation according to oxidation state or lithology) were undertaken on drill core by FCF. The bulk density of 2.5 used for tonnage estimates was the same as that used to produce the Runruno resource and reserve estimate of March 2011.
Logging	• All drill core is geologically and geotechnically logged by company geologists for lithology, alteration, mineralisation and structures prior to photography.
Sub-sampling techniques and sample preparation	• Core to be sampled is selected by the logging geologists • Core is sawn in half and one half (50%) is submitted for analysis. • Broken core is wrapped in tape prior to cutting. • All samples were half core and sample preparation and analysis was carried out in Manila by Intertek, an internationally accredited laboratory.
Quality of assay data and laboratory tests	• Analysis for gold by classical 1kg Screen Fire Assay techniques • Analysis for molybdenum by Aqua Regia digest and ICP-OES or by pressed powder XRF. • Intertek conduct "in house" QAQC procedures • Blanks and SRM's (Standard Reference Materials) are inserted into each

Criteria	Commentary
	batch of samples dispatched to the assay laboratory • Insertion rates were reviewed by MA and are considered to be acceptable. • Assays of SRM's were found to be within acceptable limits with no evidence of systematic analytical bias. • Assays of blanks suggested no evidence for Au or Mo contamination during sample preparation.
Verification of sampling and assaying	• The final database upon which the resource estimates are based is maintained independently for FCF by Mining Associates • Mining Associates, as part of project database management, monitors results on a batch-by-batch basis.
Location of data points	• FCF surveyors locate all drill hole collars using Total Station survey instruments • Locations are stored in both local drill grid and UTM coordinates
Data spacing and distribution	• Sparse exploration drilling has occurred over the deposit • Drill spacing is 100m sections, drill holes nominally intersects the ore body every 50m on section.
Orientation of data in relation to geological structure	• Mineralisation style and lithologies are similar to the main Runruno deposit and drillholes have often intersected the mineralised structures at depths predicted by the geological model. • Drilling is designed to intersect most of the mineralized structures at steep orientations • Small scale mine workings expose the orientation of the mineralized structures
Sample security	• The diamond drill cores are placed in plastic core boxes and securely covered during transport from the rig to the coreshed. After sampling the core are then photographed. • Sample numbers are pre-marked on the sample bags. • The samples are transported to Intertek Laboratory in Manila by pick-up trucks. Every sample delivery is escorted by a designated company security representative and every shipment photographed
Audits or reviews	• MA audits the drill hole database

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	• The Runruno project is operated by FCF Minerals Corporation ("FCF") under a Financial or Technical Assistance Agreement (FTAA) No 4-2009-II. • FCF is a Philippine incorporated company and a subsidiary of AIM (London) listed Metals Exploration Plc ("MetalsEx"). MetalsEx owns 100% of FCF

Criteria	Commentary
Exploration done by other parties	• Gold first reported in the area in the 1960s. several companies have previously explored the Runruno area, including; Imperial Resources Inc 1969, Fil-Am Resources Inc 1974, Golden Arrow Mining Company 1980, Greenwater Mining Corporation 2000. FCF gained control of the tenements in 2005.
Geology	• The deposit is located on the western edge of a large alkaline volcanic complex, the Runruno Volcanic Complex, which is approximately 3.5 kilometres in diameter, of which less than 15% has been effectively explored. The area is predominantly underlain by silica-under-saturated, alkali–rich intrusive rocks consisting of monzonite to syenite porphyry belonging to the Palali –Cordon Intrusive Complex. Coeval with these intrusions are thick sequences of volcanoclastic tuffs, volcanic breccias and agglomerates forming a characteristic domal feature within the central part of the EP area. • The Runruno deposit is considered an alkaline type epithermal deposit, i.e. an epithermal gold-molybdenum mineralised system in an alkalic intrusive setting. The style of gold mineralisation is very distinct but quite rare in that quartz veining is absent, alteration and veining is dominated by adularia and the gold occurs mostly as fine disseminations associated with pyrite and, significant, molybdenite. The major host unit is a crystal tuff capped by a coarse volcaniclastic fragmental • Jensen, E. P., and Barton, M. D., 2000, Gold Deposits Related to Alkaline Magmatism: In Hegemann S.G. and Brown P.E. (eds) Gold in 2000, Reviews in Economic Geology, v. 13, p. 279-314.
Drill hole Information	• See Section 1 – Drilling techniques and Section 3 - Database Integrity
Data aggregation methods	• No Exploration Results are reported in this Report
Relationship between mineralisation widths and intercept lengths	• No Exploration Results are reported in this Report. All intercepts are viewed and interpreted in three dimensions to define the wireframe volume representing the mineralisation.
Diagrams	• Included in the report
Balanced reporting	• All mineralised intercepts used in this resource estimate are presented in Appendix 2 as length weighted vein intercepts.
Other substantive exploration data	• Not materially relevant to the Malilibeg South Report

Criteria	Commentary
Further work	• Not materially relevant to the current Malilibeg South Resource Report

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Commentary
Database integrity	• MA maintains and used FCFs drill hole database. It is MA's opinion that the combined database is appropriate for use in a resource estimate. The Malilibeg South database is an MS Access based data base system. • Digital assay data is obtained from the Laboratory, QAQC checked and imported into the database • Data tables were exported from the MS Access database, and connected directly to the Gemcom Surpac mine software used by MA for interpretation and resource estimation. • Basic checks were carried out cross-referencing publicly released exploration results with drill information within the database supplied.
Site visits	• MA has an ongoing association with the Runruno Gold Project, MA maintains the company drill hole data base and provides technical support to site geologists, The author last visited site in 2009.
Geological interpretation	• The Malilibeg South deposit is a number of extensive, sub-parallel flat lying gold ore bodies. • The mineralized zones were interpreted on 50m drill sections, • The mineralised envelopes were digitised using a general 0.30 g/t Au lower cut-off, a minimum width of two metres downhole with some internal waste dilution allowed but every effort was made to exclude sub-grade zones by domain splitting. • There is no limit on the total length of waste inside a mineralized intercept provided the average grade is still above 0.30 g/t Au and within the identified structure. • The mineralized outlines were extended to a maximum of 2 times the drill spacing beyond the last drill hole, this can be up to 100m in areas where along strike drilling supports the extrapolation. • Higher grade mineralisation occurs in the East proximal to the projected Malilibeg fault, grades and thickness drop off to the west, as seen at the Runruno Ore body.
Dimensions	• Malilibeg South is defined as a 650m extension of the Runruno ore body. It still open to the south and preliminary drill results indicated there could be mineralisation to the east of Malilibeg Fault. The orebody is approximately 250m wide (EW). The main zone within Malilibeg South is between 170m and 250m below the surface, a moderate zone of mineralisation is sub-parallel and lies approximately 20m above.
Estimation and modelling techniques	• Block model estimation block sizes of XYZ 20x20x5m. Sub-blocking for volumes only to 5x5x1.25m. Screened for topography by sub-block. • Geological model constrained by sub-block with 4 domains based on lithology, structure, alteration, and a minimum sample grade of 0.3 g/t Au, includes minor internal dilution. Each sub-block can only belong to one domain. • Drill intercepts within each domain flagged in a database table and

Criteria	Commentary
	composited 2m downhole giving 256 informing samples from 30 drillholes. • A gold grade cap was applied to informing 2 metre composites to remove minor outliers. Only the main structure had sufficient intercepts to determine a suitable grade capping strategy. Gold was capped at 9.5g/t (99.5%ile) and molybdenum was capped at 7090ppm (98%ile). • Routine bulk density measurements undertaken on drill core by FCF show that it varies mainly according to weathering (fresh, transition, and oxidised) and lithology (crystal lithic tuff, tephrite porphyry, monzonite). • Grade interpolated into a constrained block model by domain using Ordinary Krige estimation in 2 passes with parameters based on variography by domain. Estimates validated against informing samples and with nearest neighbour and inverse distance squared block estimation on a global basis and by swath plots. • Resources have been classified in compliance with the JORC Code as Inferred. Geological evidence is sufficient to assume geological continuity. The drill density is insufficient to assure grade continuity though it is assumed and is based on limited sampling. • Lower cut-off grade of 0.5g/t gold applied to blocks in reporting the resource estimates. • Molybdenum grades are reported along with the gold grades by resource categories but a consistent laboratory bias low in molybdenum assay standards of 12% to 20% is recognised by FCF but has as yet not been addressed.
Moisture	• All tonnages are reported on a dry basis.
Cut-off parameters	• Lower cut-off grade of 1g/t Au was applied to blocks in reporting the resource estimates
Mining factors or assumptions	• The estimation method and approach have allowed for internal and external dilution and loss as a result of grade control drilling and mining processes. Open pit and underground mining methods are potentially viable methods of extracting this inferred resource.
Metallurgical factors or assumptions	• No metallurgical recoveries have been applied to this inferred resource • It is reasonable to assume similar metallurgical recoveries to those seen at the main Runruno Deposit
Environmen-tal factors or assumptions	• Feasibility studies have been completed for the Runruno Resource, it is assumed these facilities; (EIS, waste dumps, tailings dams, mill and site administration) will be sufficient. Sulphur is not estimated in this model. Should a scoping study prove the material worth mining, sulphur assays will be required to determine both metallurgical recovery methods and potential extent of acid generation.
Bulk density	• Routine bulk density measurements show little variation within rock types. • Measurements are acquired from drill core before cutting, samples are wax coated and density is determined using Archimedes' principle • An average bulk density based on rock type and oxidation state was assigned to resource model based on interpreted geological units and oxidation states.
Classification	• Geological and grade continuity is assumed. The geological model is a continuation of the Runruno deposit. Grade continuity cannot be quantified with variograms as experimental variograms were very poor. • Drilling sections are spaced 100m with drill intercepts spaced approximately 50 to 100m apart. • MA considers the information suitable to define an inferred resource.

Criteria	Commentary
Audits or reviews	• An internal review of the mineral resource found no discrepancies.
Discussion of relative accuracy/ confidence	• The resource is estimated using Ordinary Kriging, which provides a single estimate which if the search radius is large enough and blocks have access to sufficient informing samples, will provide a BLUE estimate. (Best linear unbiased estimate). However it does not directly provide an indication of the potential variability of each estimate and hence cannot indicate the level of risk involved in accepting these estimates. • To determine accuracy or apply a statistical confidence level to the resource a conditional simulation model will be required. Conditional simulation is useful to model variability, uncertainty, quantifying estimation error. Simulations can also be used for risk-taking grade control approaches (such as is it better to process some of waste rather than lose some high grade ore). However, it is important to be aware that any single simulation has very high local inaccuracy and should not be used for mine planning.

Section 4 Estimation and Reporting of Ore Reserves)

N/A

Section 5 Estimation and Reporting of Diamonds and Other Gemstones

N/A

Appendix 2: List of Mineralised Intercepts

Deposit	Hole_ID	From	To	Ave Au	Ave Ag		Deposit	Hole_ID	From	To	Ave Au	Ave Ag
run_102U	MXD845	24	26	0.29	405		run_604L	MXD845	192	205	2.28	2951
run_102U	MXD853	26	28	1.54	4486		run_604L	MXD846	144	157.5	0.79	714
run_102U	MXD854	40	42	0.24	720		run_604L	MXD851	94	109	1.97	1175
run_102U	MXD856	24	27.25	0.32	421		run_604L	MXD853	209	223	1.15	725
run_102U	TUD032	36	38	0.51	1101		run_604L	MXD854	339	352	1.24	640
run_204M	MXD826	126	129	1.03	750		run_604L	MXD855	133	146	5.49	1141
run_204M	MXD831	114	117	1.44	2471		run_604L	MXD856	194.5	200.2	1.62	2844
run_204M	MXD832	130	134	0.79	619		run_604L	MXD857	198	213	0.98	851
run_204M	MXD833	147	160	0.72	537		run_604L	MXD858	172	184	1.73	2016
run_204M	MXD835	168	176	0.83	184		run_604L	MXD859	177	193	0.99	814
run_204M	MXD838	114	120	0.85	1222		run_604L	TUD012	241	247.9	2.81	383
run_204M	MXD845	157	159	0.24	233		run_604L	TUD023	220	236	0.97	1432
run_204M	MXD846	117	129	0.90	1164		run_604L	TUD024	187.5	210.7	2.64	1470
run_204M	MXD853	192.4	195	1.08	830		run_604L	TUD027	231	242	1.73	1011
run_204M	MXD855	110	114	0.33	38		run_604L	TUD028	199	209	1.96	4535
run_204M	MXD856	162	175	1.36	1831		run_604L	TUD033	210	222	0.56	117
run_204M	MXD857	188	191	0.73	649		run_604L	TUD037	245	284	1.69	865
run_204M	MXD858	163	169	1.57	1692		run_604L	TUD039	189	191	0.86	3438
run_204M	MXD859	162	164	0.47	64		run_604L	TUD040	172	175	1.29	1958
run_204M	TUD028	172	176	1.31	1301		run_605L	MXD832	153	157.3	1.18	837
run_204M	TUD033	189	191	0.85	688		run_605L	MXD833	135	137	1.13	170
run_604L	MXD826	167	171.15	2.00	207		run_605L	MXD834	202	207	0.35	95
run_604L	MXD831	118	134	1.49	960		run_605L	MXD845	140	142	0.12	93
run_604L	MXD832	139	150	0.57	245		run_605L	MXD846	92	94	0.27	860
run_604L	MXD833	183	186.95	3.48	4212		run_605L	MXD853	145.75	150	1.12	195
run_604L	MXD834	179	197	0.73	728		run_605L	MXD855	87	92	2.19	377
run_604L	MXD835	208	210	1.00	1138		run_605L	MXD856	145	147	0.07	18
run_604L	MXD836	94	105	1.61	3117		run_605L	MXD857	151	157	0.59	153
run_604L	MXD837	84	88	2.72	4253		run_605L	MXD858	125	128	0.42	236
run_604L	MXD838	144	154	1.12	174		run_605L	MXD859	154	157	1.84	148
run_604L	MXD839	98	110	2.12	1167		run_605L	TUD028	156	158	0.93	494
run_604L	MXD842	102	113	2.69	349		run_605L	TUD032	220.3	222	0.73	141
							run_605L	TUD033	155	157	0.77	395