

**This document is important and requires your immediate attention. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own independent financial advice from your stockbroker, solicitor or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.**

If you have sold or transferred all of your Ordinary Shares in Metals Exploration PLC, you should forward this document, together with the accompanying Form of Proxy, immediately to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute an offer to issue or sell or a solicitation of any offer to subscribe for or buy ordinary shares in Metals Exploration PLC.



## **METALS EXPLORATION PLC**

*(Incorporated and registered in England and Wales with company registration number 05098945)*

## **NOTICE OF GENERAL MEETING**

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Notice of a General Meeting is set out at the end of this document. Shareholders are requested to complete and return the enclosed Form of Proxy by post or by hand to the, Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible, but in any event so as to arrive no later than 11.00 a.m. on 28 August 2012, whether or not they propose to be present at the General Meeting.

## **CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

This document, including information included or incorporated by reference in this document, may contain “forward-looking statements”, concerning Metals Exploration. Generally, the words “anticipate”, “believe”, “continue”, “estimate”, “expect”, “forecast”, “intend”, “may”, “plan”, “project”, “should”, and “will” or similar expressions identify forwarding-looking statements. Such statements reflect Metals Exploration’s current views with respect to future events and are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the company’s abilities to control or estimate precisely, such as changes in general economic and business conditions, changes in currency rates and interest rates, lack of acceptance of new exchange rates and interest rates, introduction of competing products or services, lack of acceptance of new products or services, changes in business strategy and the behaviour of other market participants and therefore undue reliance should not be placed on such statements. The directors of Metals Exploration do not intend to, nor do they assume any obligation to, update these forward-looking statements, except as required pursuant to applicable law.

## DEFINITIONS

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

<b>“Admission”</b>	admission of the Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
<b>“AIM”</b>	the AIM Market operated by the London Stock Exchange
<b>“AIM Rules”</b>	together the rules published by the London Stock Exchange governing the admission to, and the operation of, AIM and the rules published by the London Stock Exchange from time-to-time for Nominated Advisers
<b>“Company” or “Metals Exploration”</b>	Metals Exploration PLC
<b>“Directors” or “Board”</b>	the directors of the Company as at the date of this document whose names are set out on page 6 of this document
<b>“Form of Proxy”</b>	the form of proxy for use by the Shareholders in connection with the GM
<b>“General Meeting” or “GM”</b>	the general meeting of the Company to be held on 30 August 2012 or any adjournment thereof
<b>“Independent Director”</b>	Ian Holzberger
<b>“Loan Facility”</b>	the provision of the loan facility totalling US \$105 million by Solomon Capital, expected to comprise three sub-facilities of US\$63.0 million, US\$31.5 million and US\$10.5 million, subject to contract
<b>“London Stock Exchange”</b>	London Stock Exchange PLC
<b>“Notice of GM”</b>	the notice of the General Meeting to be held on 30 August 2012 at 11.00 a.m., or any adjournment thereof
<b>“Option Holders”</b>	holders of options granted by the Company to subscribe for Ordinary Shares
<b>“Ordinary Shares”</b>	ordinary shares of 1 pence each in the capital of the Company
<b>“Placees”</b>	Solomon Capital, Baker Steel Capital Managers and Runruno Holdings Limited
<b>“Placing”</b>	the placing of the Placing Shares by the Company at the Placing Price
<b>“Placing Price”</b>	13 pence per Ordinary Share
<b>“Placing Shares”</b>	the 124,069,477 new Ordinary Shares which are the subject of the Placing
<b>“Proposals”</b>	the Placing and the Loan Facility
<b>“Related Party”</b>	has the meaning given in the AIM Rules
<b>“Resolutions”</b>	the resolutions set out in the Notice of GM at the end of this document
<b>“Runruno Project”</b>	the Company’s principal project located in the Philippines
<b>“Shareholder(s)”</b>	the holder(s) of the Ordinary Shares

<b>“Solomon Capital”</b>	Solomon Capital Limited, a company incorporated in Guernsey with its registered office at PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey GY1 3HB
<b>“Sterling” or “£”</b>	the lawful currency of the United Kingdom
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States”</b>	the United States of America, its territories and possessions, all areas subject to its jurisdiction or any subdivision thereof, any state of the United States of America and the District of Columbia
<b>“US\$” or “\$”</b>	the lawful currency of the United States
<b>“Westhouse Securities”</b>	Westhouse Securities Limited, nominated adviser to the Company

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	8 August 2012
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 28 August 2012
<b>Meeting of Shareholders</b>	11.00 a.m. on 30 August 2012
Allotment and issue of Placing Shares	28 September 2012
Admission and dealings in the Placing Shares commence on AIM	3 October 2012
CREST accounts expected to be credited by	3 October 2012
Despatch of definitive certificates expected by	11 October 2012

**Note:**

These times and dates are indicative only and subject to change

## PART I

### Letter from the Chairman

*(incorporated and registered in England and Wales with company registered number 05098945)*

*Directors:*

Ian Holzberger (*Executive Chairman*)  
Tim Dean (*Non-Executive Director*)  
Edward Parsons (*Non-Executive Director*)  
Guy Walker (*Non-Executive Director*)  
Richard Williams (*Non-Executive Director*)

*Registered Office:*

200 Strand  
London  
WC2R 1DJ

*To the holders of Ordinary Shares and, for information only, to Option Holders and Warrant Holders*

8 August 2012

Dear Shareholder

#### **Notice of General Meeting**

##### **1 Introduction**

On 31 July 2012, the Company announced that it had obtained commitments to raise approximately US\$25 million via the issue of 124,069,477 new Ordinary Shares at a price of 13 pence per new Ordinary Share, a significant premium to the then prevailing share price, and it had agreed with Solomon Capital, subject to contract, for the provision of a loan facility totalling US\$105 million.

##### **2 Background to the Proposals**

As previously announced, the Company has been seeking to arrange funding for the development of the Runruno Project throughout 2011 and 2012.

In 2011, the Company appointed an experienced global investment bank to advise on the debt funding for the project and the Company has made a number of announcements regarding its progress.

As previously communicated to Shareholders, sourcing of a preferred provider, negotiation of a term sheet, completion of due diligence and full documentation proceeded throughout 2012. However, these negotiations encountered difficulties in July when the preferred provider sought to vary the agreed commercial terms materially and introduce new conditions which, in the Board's view, were potentially adverse to the interests of the Company and put its ability to complete the debt funding at considerable risk. Solomon Capital, a substantial shareholder of the Company, has now offered an alternative proposal on more favourable overall terms than had been offered by the previously preferred provider. The Company has reached agreement with Solomon Capital, subject to contract, for the provision of loan facilities totalling US\$105 million and discontinued documentation with the previously preferred provider.

In conjunction with the proposed Loan Facility, the Company has agreed with Solomon Capital and certain other shareholders an equity subscription of US\$25 million.

The Company expects that following receipt of funds from the Proposals it will have in place sufficient capital to complete the construction of the mine at the Runruno Project.

### 3 The Proposals

#### 3.1 The Placing

- 3.1.1 The Company has conditionally raised approximately US\$25 million, before expenses, by way of a placing of, in aggregate, 124,069,477 new Ordinary Shares at the Placing Price. The Placees to the Placing are Solomon Capital, Baker Steel Capital Managers and Runruno Holdings Limited. The proceeds of the Placing shall be applied by the Company towards the development of the Runruno Project and as general working capital.
- 3.1.2 As announced on 31 July 2012, each of the Placees is either a substantial shareholder or is part of a concert party that is a substantial shareholder. Therefore the participation of the Placees in the Placing is considered a related party transaction under AIM Rule 13. The shareholdings of the Placees prior to and following the completion of the Placing are as follows:

#### Shareholdings

	Prior to the Placing		Following the Placing	
	Number of shares	%	Number of shares	%
Solomon Entity <sup>1</sup>	324,614,781	46.46	390,694,578	47.49
Baker Steel Capital Managers	158,295,261	22.66	190,693,092	23.18
RHL Entity <sup>2</sup>	125,041,346	17.90	150,633,195	18.31

#### Notes:

- Solomon Entity includes Solomon Capital Limited, Shelfco724 Limited, Mrs Emily Crompton Candy and Mr Jonathan Beardsworth
  - RHL Entity includes Runruno Holdings Limited and Mr Graham Edwards
- 3.1.3 The Placing is conditional, inter alia, on the passing of the Resolutions by the Shareholders at the General Meeting to allot and issue the Placing Shares and on Admission. Subject to the passing of the Resolutions, it is intended to allot and issue the Placing Shares on 28 September 2012 with Admission expected to occur on or about 8.00 a.m. on 3 October 2012.

#### 3.2 Loan Facility

- 3.2.1 The Company has agreed with Solomon Capital, subject to contract, a secured term loan facility of US\$105 million. The key terms of the Loan Facility are as follows:
- The Loan Facility is for a term of 4 years commencing on the first utilisation;
  - The Loan Facility is to be secured over the Company's holding in FCF Minerals Corporation, Cupati Holdings Corporation and Woggle Corporation together with such other security to be agreed;
  - Interest on the amounts drawn down will accrue at 20 per cent. per annum. It will be capitalised during the construction of the mine and repaid with scheduled capital repayments by instalments matched to cashflow. The default interest rate is 25 per cent. on unpaid sums;
  - The Loan Facility will provide for drawdown in stages; and
  - The Loan Facility will include assignment and transfer clauses which provide for Solomon Capital, at the election of either Runruno Holdings Limited or Williams de Broë or both, to transfer parts of the Loan Facility to the party electing to participate in the Loan Facility.

The Company expects that the definitive loan documentation will incorporate conditions precedents, certain representations, undertakings and warranties to be given by the Company and certain subsidiaries together with transactional fees payable.

- 3.2.2 Although the terms outlined in paragraph 3.2.1 above have been agreed by the Company and Solomon Capital, the parties are still in negotiations in respect of the detailed terms of the Loan Facility. Therefore it is still subject to contract and may be subject to change. Your attention is drawn to risk factors outlined in paragraph 4 below.
- 3.2.3 Solomon Capital is a substantial shareholder of the Company and therefore, the proposed provision of the Loan Facility is considered a related party transaction under the AIM Rule 13.
- 3.2.4 The Independent Director has been authorised by the Board to negotiate and finalise the documentation of the Loan Facility and it is hoped that the same can be finalised within the same timeframe as completion of the Placing.
- 3.2.5 As mentioned above, the Proposals constitute related party transactions under Rule 13 of the AIM Rules. Messrs Dean, Parsons, Walker and Williams, having been nominated to the Board by various of the major shareholders taking part in the Proposals, are precluded from opining thereon. The Independent Director, having consulted with Westhouse Securities, the Company's nominated adviser, considers that the terms of the Proposals are fair and reasonable insofar as shareholders are concerned.

#### 4 Risk Factors

**The risks and uncertainties described below are some of the material risk factors facing the Company which are currently known to the Directors in the context of its negotiations with Solomon Capital in respect of the finalisation of the documentation for the Loan Facility.** These risks are not the only ones facing the Company and additional risks and uncertainties not presently known or currently deemed immaterial may also have a material adverse effect on the provision of the Loan Facility by Solomon Capital. If any or a combination of the following risks materialise, the withdrawal of the provision of the Loan Facility could be materially and adversely affected to the detriment of the Company and the Shareholders if a replacement funding proposal cannot be put in place quickly.

The risks are not presented in any order of priority and are not intended to be exhaustive.

- 4.1 Changes in economic and market conditions including, for example, interest rates, rates of inflation, industry conditions, political and diplomatic events and trends, the Eurozone crisis and other factors can substantially and adversely affect the negotiations and the proposed terms and costs of the Loan Facility.
- 4.2 As negotiations with Solomon Capital continue, it is expected that certain condition precedents will be incorporated in the finance documents connected to the Loan Facility as is usual practice. However there can be no guarantee that the Company will find the nature of the condition precedents acceptable and even if agreed, there can be no certainty that they will be satisfied.
- 4.3 Until the Company enters into legal binding documents with Solomon Capital in respect of the Loan Facility, either party may introduce or vary the commercial terms and conditions currently agreed subject to contract. There can be no assurance that the Loan Facility will be provided on the terms outlined in paragraph 3.2.1 above or otherwise agreed.
- 4.4 Future changes in applicable law, regulations, customs or practice in the Philippines or changes in their enforcement or regulatory interpretation could or may result in the requirement for the provision of certain licences, permissions, authorisations, approvals and consents from the authorities in the Republic of the Philippines in relation to the proposed Loan Facility. Where required, obtaining such licences, permissions, authorisations, approvals and consents can be a complex and time consuming process. There can be no assurance that any such licences, permissions, authorisations, approvals and consents will be granted on acceptable terms to the Company, in a timely manner or at all.

## 5 General Meeting

You will find at the end of this document a Notice of General Meeting to be held at 200 Strand, London WC2R 1DJ at 11.00 a.m. on 30 August 2012. At the General Meeting, the following resolutions will be proposed:

- 5.1 Resolution 1: an ordinary resolution to authorise Directors to allot new Ordinary Shares in connection with the Placing; and
- 5.2 Resolution 2: a special resolution to dis-apply pre-emption rights in relation to the issue of the Placing Shares.

## 6 Action to be taken

You will find enclosed with this document the Form of Proxy for use by the Shareholders in connection with the General Meeting.

Whether or not you propose to attend the General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed thereon. It is important that you duly complete, execute and return the Form of Proxy. To be valid, the completed Form of Proxy must be returned by post or by hand to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, as soon as possible, but in any event so as to arrive not later than 11.00 a.m. on 28 August 2012, whether or not you propose to be present at the General Meeting.

If you complete and return the Form of Proxy, you may still attend and vote at the General Meeting in person should you decide to do so.

## 7 Recommendation

The Directors believe that the Resolutions are in the best interests of the Company and Shareholders taken as a whole. If the Resolutions were not to be passed and the Placing completed, the development of the Runruno Project could be delayed. Therefore the Directors unanimously recommend that the Shareholders vote in favour of the Resolutions.

Yours faithfully



**Ian Holzberger**

*Executive Chairman*



## Metals Exploration PLC (the “Company”)

*(Incorporated in England and Wales with company registration number 05098945)*

### NOTICE OF GENERAL MEETING

NOTICE is hereby given that a General Meeting of the Company will be held on 30 August 2012 at 11.00 a.m. at 200 Strand, London WC2R 1DJ, for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution:

#### Ordinary Resolution

- 1 THAT the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “Act”) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (the “Rights”) up to an aggregate nominal amount of £1,240,694.77 in connection with the Placing, provided that this authority shall expire on the date of the next annual general meeting held by the Company following the passing of this resolution save that the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or Rights granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to such offers or agreement as if this authority had not expired.

#### Special Resolution

- 2 THAT, subject to the passing of Resolution 1 set out above, the Directors be empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of that Act) pursuant to the general authority conferred by Resolution 1 set out in the notice of this meeting for cash as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to allotment of equity securities up to an aggregate nominal amount of £1,240,694.77 in connection with the Placing, and such power shall expire upon the expiry of the authority conferred by Resolution 1 set out above, save that the Directors shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities pursuant to any such offers or agreements as if the power conferred by this resolution had not expired.

Words and expressions defined in the circular to shareholders dated 8 August 2012 shall have the same meanings when used in these Resolutions unless the context otherwise requires.

By Order of the Board

*Registered office:*

200 Strand  
London  
WC2R 1DJ

**Liam Ruddy**

Dated: 8 August 2012

## Company Secretary

### Notes:

- (1) A member entitled to attend, speak and vote is entitled to appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a member of the Company.
- (2) A member must be registered as the holder of ordinary shares by 6.00 p.m. on 28 August 2012 in order to be entitled to vote at the meeting as a member in respect of those shares.
- (3) Forms of proxy, together with any power of attorney under which it is executed or a notarially certified copy thereof, must be completed and, to be valid must reach the Registrar of the Company at Capita Registrars (PXS), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 11.00 a.m. on 28 August 2012. Your attention is drawn to the other notes on the proxy form.
- (4) If the appointer is a corporation, the form of proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
- (5) The appointment of a proxy does not preclude a member from attending and voting at the meeting.
- (6) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote of the other registered holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
- (7) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 only those shareholders on the Register of Shareholders at 6.00 p.m. on 28 August 2012 shall be entitled to attend, speak and vote at the meeting in respect of the number of shares registered in their names at that time. If the meeting is adjourned by more than 48 hours, then to be so entitled, shareholders must be entered on the Company's Register of Members 48 hours before the time appointed for holding the adjourned meeting or if the Company gives notice of the adjourned meeting, at the time specified in that notice.
- (8) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together.
- (9) As at the close of business on 3 August 2012, the Company's issued share capital comprised 698,673,626 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the time and date given above is 698,673,626.
- (10) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message ("a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent ("ID") by 6.00 p.m. on 28 August 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The issuer's agent ID is RA10.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

