

# PHILIPPINE GOLD PRODUCER - INVESTOR PRESENTATION

MAY 2021

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# INTRODUCTION

**MTL owns and operates the Runruno Gold Mine in the mineral rich province of Nueva Vizcaya, Philippines, which it developed from greenfield to production**

- Runruno contains gold reserves of 11.7Mt with an average grade of 1.38g/t
- Fully permitted, highest environmental standards, 98% Filipino workforce of which 28% are female
- US\$300m invested to date
- 2019: New highly experienced management team appointed to turnaround underperforming operations
- 2020: Corporate restructuring completed with debt transfer to major shareholders on more flexible and attractive terms
- FY2020 gold production of 67,552 ounces
- FY2020 AISC of US\$1,259 / oz
- FY2020 revenue of US\$122m – following maiden operating profit in FY 2019 since the commencement of gold production.
- Continued focus on improving profitability and cash flows with record Q4 2020 delivering 20,295 ounces and US\$13.6m in positive free cash flow
- 2021: appointment of three non-executive directors, incl independent Chairman
- Forecast gold production range for 2021 of between 64,000 – 69,000 oz/pa



**2020 was a year of consolidation and continuous operational improvement**

# DELIVERING ON OUR STRATEGY

- Exceptional safety record – with over 13 million man-hours without a reportable injury (31 March 2021)
- Recently awarded Safest Surface Mining Operation and Safest Overall Mining Operation by the Mines and Geoscience Bureau
- 2019-2020: New CEO and CFO appointed and restructured on-site management
- 2020 was a year of consolidation with a focus on plant performance and reliability (Impacted by COVID)
- Focus continues to be on improving cash flows at Runruno
- New team and enhancements delivered significant benefits in reaching better than nameplate throughput
- BIOX plant performance issues resolved
- Exploration programme being studied to increase LOM beyond 2027
- Continued focus on safety and health of all staff

**13 million man-hours  
without a reportable injury  
as at 31 March 2021**

**Total sales for FY2020 up  
30% on FY2019**

**Record level of gold sold  
during Q4 2020**

**Record gold poured during  
Q4 2020**

**Record gold recovery  
for Q4 2020**

**The changes implemented by new management delivered maiden operational profit in 2019**

# 2020 SUCCESSFUL DEBT RESTRUCTURING

- Metals Exploration successfully restructured approx. US\$130 million Senior and Mezzanine project finance. In October 2020 Project finance converted to operational cash sweep finance with no fixed repayment schedules
- Debt restructure allows company to maintain minimum US\$5m working capital buffer
- Restructuring provides Metals Exploration with a stable and sustainable debt profile to focus its efforts on improving operational performance and to consider growth options
- US\$24.3m paid by 31 March 2021
- As at 31 March 2021 total interest-bearing liabilities were, in aggregate, approximately US\$120.5m

## Shareholders

#	Institution	% holding	Market value (£m)
1	MTL (Luxembourg) Sarl	46.8%	17.0
2	Runruno Holdings Ltd	19.0%	6.9
3	Baker Steel Capital Management	5.9%	2.1
4	Interactive Investors	4.0%	1.5
5	Oberon Investments	3.1%	1.1
6	Others	21.2%	7.7

## MTL

Shares in issue	2,071,334,586
Nominated Adviser	Strand Hanson
Broker	Hannam & Partners

# EXECUTIVE TEAM



**Darren Bowden** – *Chief Executive Officer*

Appointed to MTL in January 2019. Darren is a Mining Executive with 25 years' experience building and developing mining projects across Australia, North and South America.

Darren has worked across all aspects of the mining business from M&A to technical to operations and executive management. Some of the notable companies for which he has worked include Anglo Coal Australia, Glencore, Nyrstar and Mubadala.

Some of the projects in which Darren has been involved include the Minera San Cristobal a silver, lead, zinc project in Bolivia (green field), the Prodeco coal project (brown field) as the VPO and for Mubadala as the CEO on a large underground gold project (green field), Minesa SA, in Bucaramanga.

Darren is a Civil Engineer from University of New South Wales, Australia and is focused on driving strategic development and the successful optimization of companies.



**Michael Langoulant** – *Chief Financial Officer*

Joined MTL in February 2019. Michael is a Chartered Accountant who specialises in providing corporate financial services.

He has over 30 years' experience in public company M&A, corporate administration, financial management and fundraising both in Australia and internationally (Africa, Asia Pacific and Europe).

Michael started his career working in international accounting firms, PWC, KPMG and Arthur Andersen. Subsequently he has operated a corporate services consulting firm and has acted as Chairman, Finance Director, NED and company secretary for a range of public companies listed on exchanges in Australia, England and Canada.

## Mining sector in the Philippines

- The Philippines is a leading producer of nickel, a significant producer of gold and copper, exports some iron ore, chromium, zinc and silver, and produces some oil and gas
- Political stability continues under President Duterte, with robust economic growth and pro-business reforms
- Early in his presidency Duterte supported a ban of new open-pit mines and an environmental crackdown on mining. Nevertheless, almost all mines have since resumed operations'
- With the Philippines being one of the world's biggest Nickel ore producer, economic benefits of mining are set to encourage mining support in the long term

## Geology & mineral production

- The Philippines is situated along the Circum-Pacific Rim of Fire where the process of volcanism and plate convergence resulted in the formation of abundant and important metallic mineral resources
- Main commodities mined in 2017 were:
  - *Nickel*: c. 366t accounting for 17.1% global production
  - *Gold*: c. 891koz accounting for 0.8% global production
  - *Copper*: c. 73.0kt accounting for 0.4% global production
  - *Other commodities produced include*: Chromite, Cobalt, Iron Ore, Molybdenum and Silver

## Tax & Royalty

- Company has an income tax holiday until July 2022. From July 2022 mining license terms entitles Philippine government to a minimum 50% of net cash revenue via income tax, VAT, import duties, excise tax, and other business rates/taxes. Excise tax rates are 4%

## Workforce

- The Philippines has a population of 110m with a very high level of unemployment and underemployment



# RUNRUNO

A high potential gold mine



# RUNRUNO – OVERVIEW

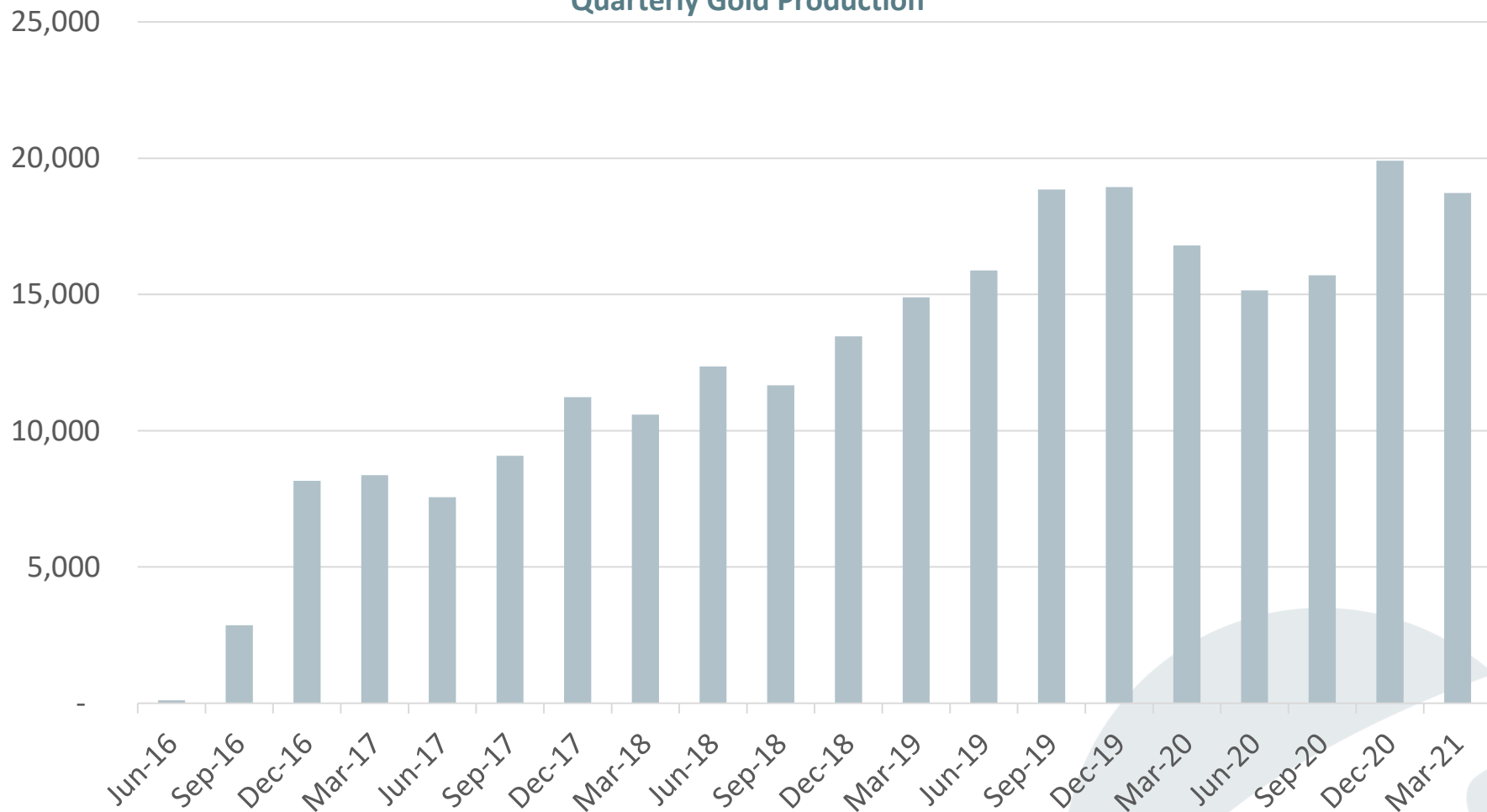
Runruno is located in the mineral rich province of Nueva Viscaya. The area has been known to be prospective for gold and other precious metals since the early 1960s and has enjoyed a varied exploration history.

- Metals Exploration first became involved with Runruno in 2005
- 2020 Reserve update indicated a resource of 11.7Mt at 1.38g/t
- The deposit is located within a large alkaline volcanic complex, approximately 3.5 kilometres in diameter
- Since 2019 management focus has been on delivering consistent nameplate production and positive cashflow.
- Exploration to focus on highly prospective targets adjacent to mining operation



# OPERATIONAL ENHANCEMENTS DELIVER RECORD PRODUCTION

## Quarterly Gold Production



# CRITICAL ACTIONS UNDERTAKEN BY NEW MANAGEMENT TEAM

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## Mine

**A significant body of work was done to review and complete a detailed new mine design including:**

- Pit and shell designs for each stage to LOM
- Ramp and access designs
- Backfill design
- Mine schedule and integrated equipment modelling to ensure ore is delivered to the plant on schedule
- Further resource definition drilling to upgrade resources and extend LOM

## Plant

**Gold recovery is now consistently achieving 80% (target 85%) up from 2018 average of 58%.**

Critical actions taken:

- Mill throughput of 2.1Mtpa achieved versus nameplate capacity target of 1.75Mtpa
- Flotation circuit reagent suite and pH control optimised to increase recovery from ~65% to ~87%
- BIOX design changes implemented to increase oxidation at design sulfur throughput from ~65% to ~83% target ~90% with final modifications to be complete Q2 2021
- CIL recovery achieving ~85% target >~90% once BIOX design modifications finalised

## Exploration

**The first near field exploration drilling for secondary targets to commence Q2 2021.**

A wide-angle photograph of a large-scale open-pit mine. The mine is characterized by multiple terraced levels of dark, rocky earth. A winding dirt road runs along the left side of the pit, with a small yellow vehicle driving on it. In the center of the pit, there are several pools of yellowish-brown liquid, likely a byproduct of the mining process. The background shows lush green hills under a clear blue sky with some clouds.

# MINING OPERATIONS

Mining schedule optimised

# MINE SITE LAYOUT & SEQUENCING

## Overview

- LOM strategy is to mine 2 stages contiguously
- 2021 will focus on mining Stage 1 and Stage 2 – Stage 3 preparation commenced
- Backfill of pit shell to commence Q4 2021
- Removal of illegal miners c.85% complete. Full access to stages 3-5 to be achieved by Q3 2021
- Major fleet rebuild completed Q2 2020

## Optimisation

- Geotechnical review - east wall cut back commenced Q1 2021 to ensure stability of final high-wall in the vicinity of the Malilibeg fault
- New skyway access to Stages 3-5 to be completed Q2 2021
- Completed review of staging layout and mine schedule – optimising waste stripping, pit ramps and backfilling process
- Short term mine scheduling has optimised external waste placement and truck fleet usage
- RSI Stage 5 construction to complete in Q2 2021. Final in-rock spillway study commenced
- 2021 focus on cost minimisation



# PROCESS OPERATIONS – SIGNIFICANT IMPROVEMENTS ACHIEVED

## Highlights

- Critical process issues in flotation solved – steady state operations achieved
- Plant milling operations have ramped to 120% of design. Target to achieve 2.1Mtpa throughput vs Design 1.75Mtpa
- The ore reserve estimate proving to be sound with the reconciliation matching of ounces mined matching resource depletion in contained gold albeit at a lower grade due to mining dilution
- BIOX has been stable over the last six months with design modifications implemented in Q4 2020 to be finalised Q2 2021. Oxidation rates have been increased from ~65% at design sulfur throughput to ~85% with final modifications targeting >90%

	Units	ACTUAL		
		2018A	2019A	2020 (unaudited)
<b>MINING</b>				
Ore Mined	Tonnes	1,623,413	2,058,395	2,473,400
Waste Mined	Tonnes	8,061,853	9,720,994	8,922,496
Total Material Moved	Tonnes	9,685,266	11,779,389	11,395,896
Strip Ratio		4.97	4.72	3.32
<b>PROCESSING</b>				
Ore Milled	Tonnes	1,655,368	1,948,025	2,057,274
Au Grade	g/tonne	1.56	1.55	1.41
S <sub>2</sub> Grade	%	0.83	0.94	1.22
Gold Recovery	%	57.9	70.8	72.2
Gold Sold	ozs	46,369	67,356	68,510
<b>PROJECT CASHFLOW</b>				
Gold Sales Revenue	(US\$m's)	61.41	94.28	122.10
EBITA	(US\$m's)	(18.82)	8.96	30.28
Free Cashflow	(US\$m's)	(6.43)	7.35	33.49

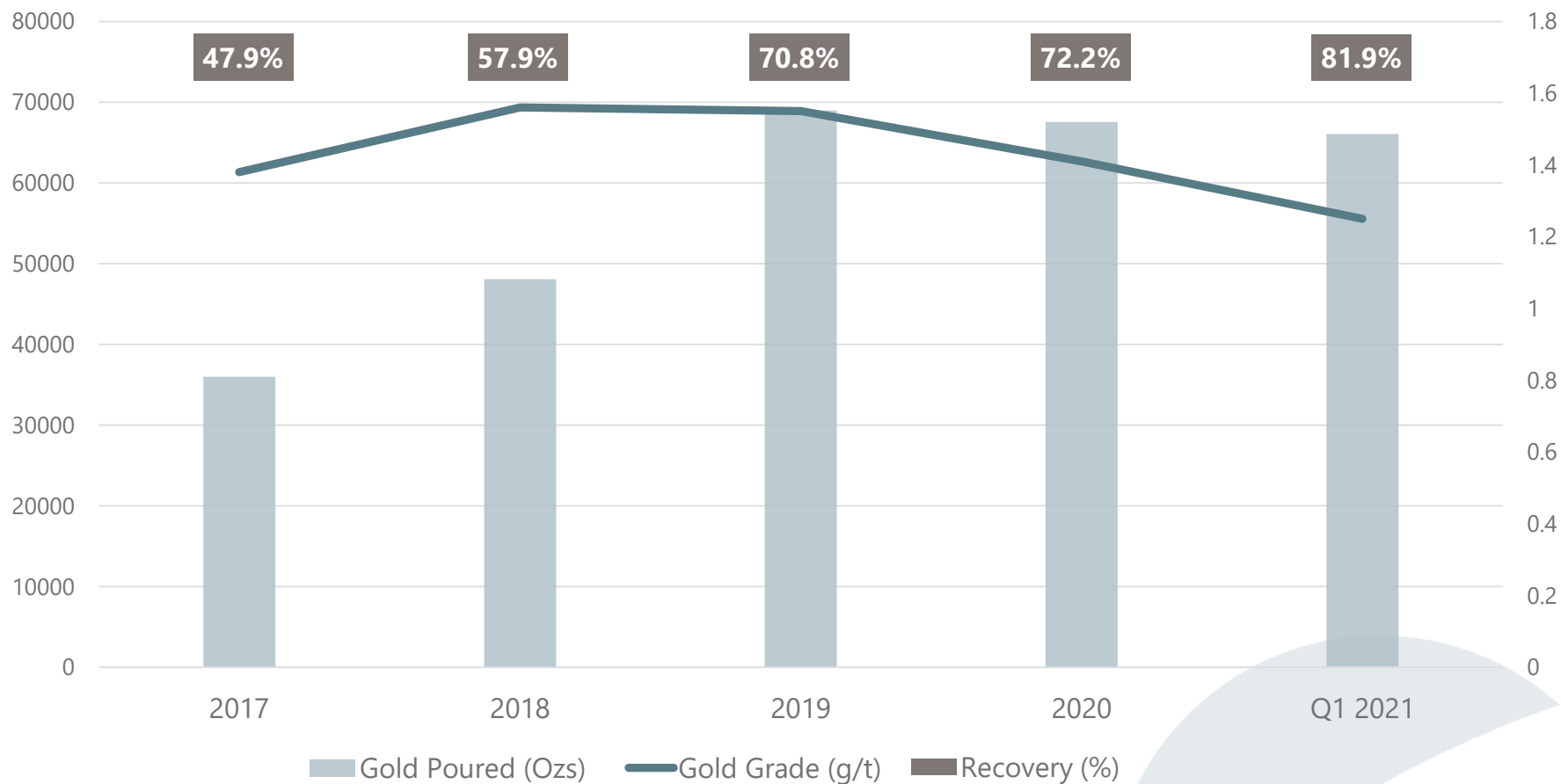
- Significant known exploration upside. To date very little resources have been allocated to any exploration
- Exploration focused on generating new targets
- Step-out broad-based exploration conducted previously which supported the Malilibeg South resource estimate
- Identification of Runruno style mineralisation south of the pit & potential extension north and east of pit boundary
- Definition drilling programme studies following agreement by artisanal miners to vacate areas within mining operations
- 2021 exploration programme to focus on targets close to mining operations
- From 2022 increased funds to be made available to accelerate exploration based on outcomes of initial programme

# PROCESSING

Operations stable – higher gold recoveries



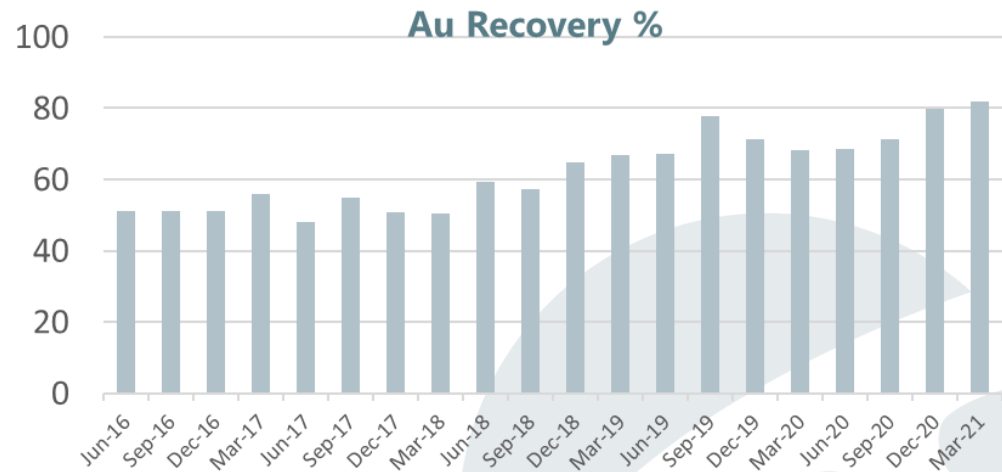
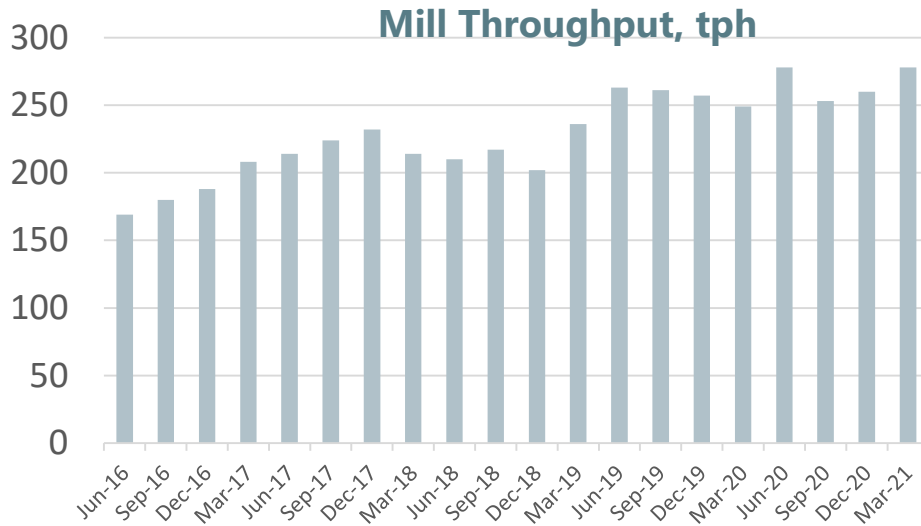
# PRODUCTION PROFILE WITH TARGET 85% LONG TERM RECOVERY



Source: Company projections as of 31 March 2021

Note: All-in sustaining costs comprised of operating costs and capex

# MILL THROUGHPUT & AU RECOVERY



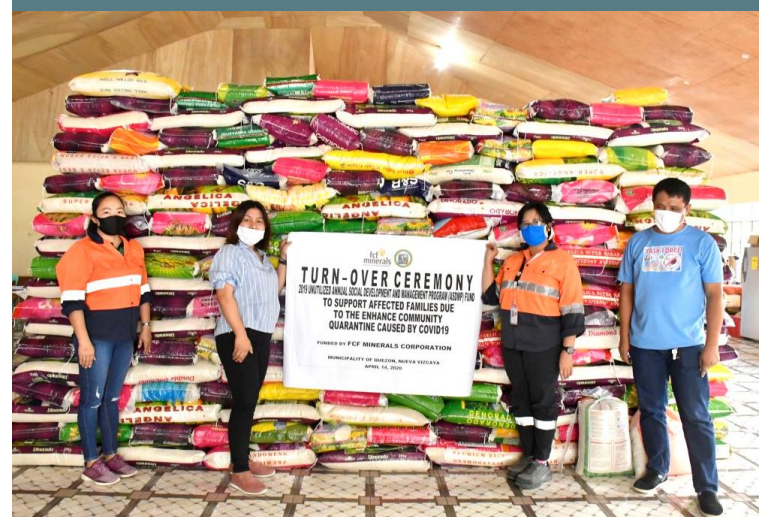


ESG

- Exceptional safety record – with over 13 million-man hours without a reportable injury as at 31 March 2021
- Recently awarded by the Mines and Geoscience Bureau:
  - Safest Surface Mining Operation
  - Overall Safest Mining Operation
  - Best Mine Supervisor- Engr. Lester Magliwan, FCF
- Active in promoting responsible mining practices – continuing to actively reduce the potential environmental impacts of its operations and enhance its environmental performance in mined-out and disturbed areas
- Responsible for planting almost 2 million endemic and cash crop trees:
  - 2019 the Group was, for the second consecutive year, the mining industry overall winner of the Philippine Government Best Forestry Management Program award
- Continued driving thrust towards the goal of sustainable development / reducing potential significant impacts of the Runruno operations upon the environment

# COMMUNITY & SOCIAL DEVELOPMENT

- Prioritise the development of our local community and have a strong partnership with the national agencies and local governments from Barangay to Provincial level
- Continued focus on health, education and capacity building amongst others in our local communities
- Have adapted programmes during COVID-19 crisis with further community support to provide food relief supplies to local communities / families particularly affected by the COVID-19 quarantine work restrictions
- Working in conjunction with relevant government agencies over the relocation of artisanal miners' – relocation substantially completed



# IN SUMMARY

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- High potential mining operation invigorated by recent operational enhancements
  - Long track record operating in the Philippines
  - Forecast gold production range for 2021 of between 64,000 – 69,000 oz
  - All-in sustaining cost of approx. US\$1,275/oz (includes UK head office costs) forecast for 2021
  - Number of projects are currently underway to further optimise operations at Runruno
  - Considerable exploration upside remains at Runruno, both in pit and out of pit, to extend current mine life
  - Refinanced debt, providing the Company with a stronger and more flexible balance sheet
  - Highly experienced management team delivering record production levels
  - Additional independent board members appointed, incl independent Chairman, adding industry and professional experience

# APPENDIX





**David Cather** – *Non-Executive Director*

David is a well-rounded mining engineer who brings over 40 years of mining and management experience to his roles.

He is an experienced Board director both within public companies and divisional boards of large organisations. His career has seen numerous international appointments and projects too.

His current directorships include: AK Altynalmas JSC, a gold mining company listed in Kazakhstan; Galantas Gold Corporation, an AIM/TSX-V listed Northern Ireland gold mining and exploration project.

Formerly, he was CEO of Abu Dhabi Capital Group's mining division; CEO of Avocet Mining; COO of European Goldfields and Technical Director of Anglo American PLC's Industrial Minerals division.



**Darren Bowden** – *Chief Executive Officer*

Mining Executive with 25 years' experience building and developing mining projects across Australia, North and South America. Darren has worked across all aspects of the mining business from M&A to technical to operations and executive management. Some of the notable companies for which he has worked include Anglo Coal Australia, Glencore, Nyrstar and Mubadala.

Some of the projects in which Darren has been involved include the Minera San Cristobal a silver, lead, zinc project in Bolivia (green field), the Prodeco coal project (brown field) as the VPO and for Mubadala as the CEO on a large underground gold project (green field), Minesa SA, in Bucaramanga. Darren is a Civil Engineer from University of New South Wales, Australia and is focused on driving strategic development and the successful optimization of companies.



**Andrew Stancliffe** – *Non-Executive Director*

Andrew has 20 years of experience working in the City of London. He started his career at Merrill Lynch before moving on to hold senior positions at both Investec Bank & Macquarie Group. Andrew is currently working as an advisor to a family office in London and is a board director of a boutique wealth management firm.



**Guy Walker** – *Non-Executive Director*

Guy joined the Board as a Non-Executive Director on 9th May 2011. Guy is a highly accomplished director and senior investment management executive with over 20 years of financial markets experience.

He has previously sat on the boards of several mining companies including exploration, development and production companies.

Mr. Walker has extensive experience in capital raising through both traditional banks and alternative lenders.



**Jeremy Wrathall** – *Non-Executive Director*

Jeremy initially trained as a mining engineer at the world-renowned Camborne School of Mines in Cornwall. He commenced his career in the South African gold mining industry and then followed an investment banking career, starting as a mining analyst in 1988. Over the last 30 years he has held various roles including Global Head of Mining Equities at Deutsche Bank, Global Head of Mining Equity Sales at UBS and, most recently, Head – Global Natural Resources at Investec Bank in London. In 2017 he left the investment banking industry and founded his own company, Cornish Lithium, where he serves as the Chief Executive Officer.

Jeremy has extensive experience and understanding of commodity markets and of mining finance including equity, debt and other methods of financing mining projects. He has a strong technical understanding of commodities, mining and geology and has visited mining projects worldwide.



**Andrew Chubb** – *Non-Executive Director*

Currently a Partner and Head of Mining at natural resources focused investment bank Hannam & Partners. Previously, Andrew was a Managing Director at Canaccord Genuity, where he worked for eight years in the natural resources team. He has a broad range of international corporate finance, restructuring, capital markets and M&A experience focusing on the metals, mining and natural resources sectors.

During Andrew's career, he has successfully advised on numerous IPOs, public and private equity and convertible capital raises and M&A transactions including AIM, TSX, ASX, NASDAQ and Official List companies. Prior to joining Canaccord Genuity, he spent four years with law firm BLP and has a first class law degree from Manchester University.



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