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DIRECTORS AND ADVISERS

Directors	I.R. Holzberger	(Executive Chairman)
	T.J. Dean	(Non-Executive Director)
	G.R. Walker	(Non-Executive Director)
	J.G. Wilson	(Non-Executive Director)
	J.W.D. Ayre	(Non-Executive Director)
	L.E. Simovici	(Non-Executive Director) appointed 19 January 2015

Company Secretary	L.A. Ruddy
Registered office	200 Strand London WC2R 1DJ
Bankers	HSBC Bank plc 70 Pall Mall London SW1Y 5EZ
Auditors	Nexia Smith & Williamson Audit Limited Chartered Accountants 25 Moorgate London EC2R 6AY
Nominated Advisor	Stockdale Securities Limited Beaufort House 15 St. Botolph Street London EC3A 7BB
Broker	S.P. Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP
Solicitors	Kerman & Co LLP 200 Strand London WC2R 1DJ
Registrars	Capita Registrars Limited 40 Dukes Place London EC3A 7NH
Company's registered number	05098945

CHAIRMAN'S STATEMENT

Dear Shareholder,

I have great satisfaction in presenting Metals Exploration plc's (the "Company" or the "Group") eleventh set of audited financial results and Annual Report for the year ending 31 December 2015. The Strategic Report will provide you with a review of progress and developments for the Group covering the year to 31 December 2015 as well as the period subsequent to the financial year-end.

Significant change occurred in 2015 as the Company successfully realised the construction completion of the Runruno Gold Project (the "Project") and moved into commissioning. The Project is now positioned to move as efficiently as possible towards commercial production, which is expected to result in the realisation of significant value to shareholders, staff and other stakeholders.

The transition from commissioning towards commercial production presented the Company with a number of significant challenges which prevented the Project from achieving commercial production in 2015.

By January 2016 the Company had achieved all the operating and occupancy permits necessary to commence ore commissioning and ramp-up of the process plant. However, the permitting process had proved to be far more detailed and involved than could have been reasonably predicted which resulted in a consequential delay to the Project. The number of permits required for operations totalled well in excess of 400 the majority of which were secured in this period – an effort that I am proud to say was achieved with considerable diligence by the Company personnel involved and the full engagement of the various responsible regulators.

The impact of Super Typhoon Lando (international Koppu) was as unfortunate as it was ill-timed for the Project. The progression of permitting was significantly accomplished with expectations of moving into ore commissioning to occur in Q4 2015. Stage 2 of the Residual Storage Impoundment (the "RSI") had been completed to design and was being prepared for the finalisation of the tailings pipeline. The erosional damage caused by the extreme rainfall event associated with the typhoon downstream of the RSI (which itself incurred no structural damage) and other areas lead to the Mines and Geosciences Bureau (MGB) issuing a partial suspension order (the "Order") which prevented ongoing construction work in the RSI area and on the Malilibeg Dump Site and the tailings pipeline in those areas. The Order required that the Company undertake a program of rehabilitation and enhancement works in the affected areas to the satisfaction of the MGB before the Order would be lifted. This unfortunately resulted in delays in ore commissioning of the plant and a consequential delay in commencing production.

The Order was lifted in April 2016. Since then the Company has rapidly moved into the ore commissioning and "debugging" phase as it ramps up towards achieving full commercial production. This has also resulted in a significant morale boost for staff who have finally been able to put their training into practice in actual production level activities through this phase.

The delay in commercial production has placed significant pressure on the cash reserves of the Group. The shareholders have steadfastly supported the Group through this period providing over £13.8 million through additional equity and a debt facility through 2015 and to March 2016. A project of this nature could not have achieved what it has without this ongoing shareholder support.

Chairman's Statement (continued)

Pleasingly the Company has not been subject to any significant legal actions in 2015 of a similar nature to the Writ of Kalikasan reported in the past. Any actions over the reporting period were "in the normal nature of business" and have been progressively dealt with accordingly. The Company however has not seen any progression of a resolution through its action to recover VAT paid to the BIR incorrectly levied on imported capital equipment. Relief from such imposts is provided under the Company's Financial and Technical Assistance Agreement, however the BIR has chosen not to recognise the provisions within the agreement. The Company continues to pursue this matter through various means.

Construction and Commissioning

The completion of the construction of the process plant in 2015 was a tremendous milestone. Given the slippage caused by design drawing delays the decision to build the process plant under the "self-manage" model has proven to be a significant cost saving and not exposed the Company to "extension of time" claims which would have resulted out of alternate Contractor driven construction models.

Highlights during this period included:

- Staged dry commissioning commenced in June 2015 with the crusher, transfer station and conveyor areas. The various stages of the process circuit followed under a detailed commissioning strategy lead by Company personnel and supported by Plant & Infrastructure Engineering Pty Ltd who had been involved in the project throughout the project's construction.
- Final handover of the constructed project to the operating team in November 2015.
- Connection of the Project's switchyard to the National Grid.
- Transitioning from dry commissioning into wet commissioning in preparation for ore commissioning. Ore commissioning was commenced following the lifting of the partial suspension order.
- Construction of stage 2 of the RSI. Stage 3 is well progressed under the design of GHD and is expected to be complete in Q3 2016.
- The process mini plant has successfully confirmed the application of the technology to the Runruno ores and generated 300 cubic metres of the BIOX® culture in preparation for the commissioning of the operational BIOX® circuit.
- The mining operations and process plant were well prepared for operational readiness prior to the lifting of the suspension order.
- Well progressed in achieving ISO14001 accreditation of the Company's environmental systems.

A more detailed explanation of these achievements is found in the Strategic Report.

Chairman's Statement (continued)

Cash Position and Project Finance
As at 31 December 2015 the Group's cash at bank position was £10,969,449. The funds available under Facility Agreement are fully drawn including the cost overrun facility.

Resulting from the delay in commercial production the Company agreed a rescheduling of the repayments with the lenders under the existing facility agreement. This was designed to reschedule principal payments to allow the Company the flexibility in cash management whilst moving through the ramp up phase into commercial production.

Through the further delay resulting from rehabilitation activities required prior to the lifting of the suspension order the Company has also been working with the lenders to determine an alternative lending structure to ensure the project does not default on payments in June 2016.

The lenders remain supportive of the project and recognise its economic fundamentals have not changed, with the working relationship with Management continuing to be strong and constructive. Similarly to the improved moral of staff, the lifting of the suspension order has created an impetus towards finding a solution that will be beneficial to all parties that will assist the Project to achieve its financial returns.

Corporate responsibility and environment
The Group proudly accepts its responsibility for assisting the host community in creating opportunities to promote sustainable income producing businesses within the region as well as promoting good environmental management for the wellbeing of the broader community. These programs include:

- Promotion of safe working practices across the Project site, ensuring all staff recognise their individual responsibility for their own safety and the safety of fellow workers;
- Securing ISO 140001 accreditation to support the Environmental Management System;
- Significant reforestation and rehabilitation programs;
- Internal and external environmental monitoring programs;
- Hazardous waste management;
- Ensuring specific programs and permitting required for statutory agencies and authorities are complied with;
- Supporting training opportunity programs across the community, including creating an environment that promotes equal employment opportunities;
- Providing assistance with local infrastructure projects;
- Creating education opportunities from early education through to tertiary assistance;
- Providing access to health facilities and health professionals; and
- The creation of community awareness programs.

Summary
The reporting period of 2015 and into 2016 has been a time of enormous achievement, peppered by significant challenges. The Company has navigated through the process with a level of diligence that I am proud to have been associated with and I thank the staff for their efforts throughout.

The work done within the community continues to create goodwill and opportunity for all impacted parties which will leave a positive legacy for many years post the mine life cycle.

Chairman's Statement (continued)

The stability of the Board in 2015 has provided the continuity that has allowed management to keep working towards the ultimate goal of achieving shareholder returns.

Finally I would like to thank the ongoing support of shareholders that has given the Project the opportunity to reach its level of operational readiness that could not otherwise be possible.

Ian R Holzberger

I R Holzberger
Executive Chairman

25 May 2016

CORPORATE GOVERNANCE STATEMENT

In 2013, the Quoted Companies Alliance published the Corporate Governance Code for Small and Mid-sized Quoted Companies. The Company's Board of Directors has complied with these guidelines during the year, except where stated below.

Directors

For the year ended 31 December 2015 the Board consisted of one executive Director and five non-executive Directors. The executive Director in office throughout the whole of the year was Mr. I.R. Holzberger. The non-executive Directors in office throughout the whole of the year were Mr. T.J. Dean, Mr J.G. Wilson and Mr L.E. Simovici (appointed 19 January 2015) who were nominated to the Board by the major shareholder MTL (Luxembourg) Sarl Ltd, Mr G.R. Walker who was nominated to the Board by a significant shareholder, Runruno Holdings Limited and Mr J.W.D. Ayre, an independent director.

The Board undertakes full agenda meetings regularly, usually on a six-weekly term basis, to discuss a range of significant matters specifically reserved for its decision making including strategy, fund-raising and financial performance. The executive Director also gives an appraisal of the current status and short term plans for operational and construction activities. The latest management and financial information is circulated to the Directors in advance of meetings. In addition to its schedule the Board convenes restricted agenda meetings on an as required basis.

All Directors are subject to the re-election provisions of the Articles of Association, which requires one third of the Board to retire by rotation at every annual general meeting and for each Director to offer himself for re-election at least once every three years.

The Directors have delegated some of their responsibilities to various Committees, which operate within specific terms of reference. In the event of a proposal to appoint a new Director, this would be discussed at a Board meeting, with each Director being given the opportunity to meet the candidate prior to any formal decision being taken. Due to the small size of the Group in 2015, no Nomination Committee has been established.

Audit, Remuneration and Risk Committees

During the year ended 31 December 2015, the Audit Committee consisted of two Directors, Mr. T.J. Dean and Mr. G.R. Walker. There is no independent Director on the Board of the Audit Committee. Mr. T.J. Dean and Mr. G.R. Walker have relevant financial experience. The Audit Committee is responsible for the relationship with the Company's external auditors, the in-depth review of the Group's financial statements and the review of the Group's internal financial controls. The Committee meets at least twice a year, to agree the audit plan, prior to the issue of the annual and interim financial statements and should it be necessary, will convene at other times.

During the year ended 31 December 2015, the Remuneration Committee comprised three Directors, Mr. I.R. Holzberger, Mr. T.J. Dean and Mr. G.R. Walker. The Remuneration Committee is responsible for the Group remuneration policy and setting remuneration for Directors. Directors' remuneration currently consists of a salary package. At the time of writing this report no current directors have any warrants in their remuneration package and only the Chairman has a performance base option package. The Committee meets when necessary.

Corporate Governance Statement (continued)

The Risk committee comprises four directors Mr. I.R. Holzberger, Mr. J.W.D. Ayre, Mr. T.J. Dean and Mr. G.R. Walker and management is represented by Mr. I.R. Holzberger, Mr. L.A. Ruddy, Mr. J.A. Stubbs and Mr R Salazar. The committee employs the services of a specialist hedging consultant as required. The committee is quorate with any three of the four directors present. The committee has delegated powers for evaluating and setting the Group's risk and hedging policies and opining on management's hedging recommendations. The committee meets when necessary.

Communication with shareholders

The annual general meeting, annual report and financial statements, the interim financial statements at each half-year, and quarterly operational updates are the primary vehicles for communication with shareholders. The Company also issues announcements to the public on significant transactions and events within the Group, through the Regulatory News Service.

Under AIM Rule 26, AIM companies must maintain a website on which certain information is to be made available to the public free of charge. This information is currently available on the Company's website; www.metalsexploration.com.

Shareholders who may have any queries relating to their shareholdings or to the general affairs of the Company are invited to contact the Company by post or email.

Internal controls

The Group operates an appropriate system of internal financial, operational and compliance controls, which are designed to ensure that the possibilities of misstatement or loss are kept to a minimum. The Board receives regular management and financial reports to enable it to assess potential risks and take any necessary action.

Incorporation

The Company was incorporated in the UK as a public limited company on 8 April 2004 under the Companies Act 1985 (now Companies Act 2006). On 22 October 2004 the Company was admitted to the Alternative Investment Market in the UK for the trading of its ordinary shares.

Going concern

As a result of the delay experienced in commencement of commercial production and based on the Group's cash flow projections the Directors acknowledge that the Company cannot meet its external debt covenants as at 30 June 2016 without remedial action. To mitigate this risk the Company is working in good faith with its current lenders to restructure its current Facility Agreement. This program has been ongoing for some months and is likely to include at least one additional bank to join the lending consortium. All parties recognise the importance and timing constraints and are actively working to achieve this restructure within the required time frame. At this point in time there are considered to be no commercial impediments against achieving the restructure.

In the event that the restructure is considered unlikely to be agreed then the Company may seek alternative financing from the shareholders. The shareholders have shown their propensity to continue supporting its gold project in the Philippines and have provided, since July 2015, over £13.8 million additional finance by way of equity and debt. However the Board is confident at the time of writing that the debt restructure will have a successful outcome and therefore the accounts are prepared on a going concern basis.

Corporate Governance Statement (continued)

Approved by the Board of Directors and signed on behalf of the Board

I R Holzberger
Executive Chairman

25 May 2016

STRATEGIC REPORT

Metals Exploration plc ("**MTL**" or "**the Company**") is a holding company of a group of companies (collectively the "**Group**") engaged in exploration, mining and associated activities, with a single gold mining asset in the Philippines (the "**Project**"). Throughout this report references to the Project or the mine-site are specific references to FCF Minerals Corporation's ("**FCF**") Runruno Gold project. FCF is MTL's wholly owned Philippine subsidiary company. MTL's gold mining activities are carried out solely in the Philippines at its mine-site at Runruno in the province of Nueva Vizcaya, Northern Luzon.

In late June 2015 the Project transitioned from a construction project into commissioning with the process plant crushing circuit the first area to commence commissioning in a staged commissioning program. The commissioning program was designed to bring the processing plant, mining operations and associated infrastructure to an operationally ready status leading to the Project becoming operational with the commencement of commercial production. During H2 2015 the Project was dry and wet commissioned and with the assistance of various government agencies was fully permitted for operations by securing in excess of 400 permits from the various regulators. The permitting process was more detailed and involved than had reasonably been expected requiring the Company having to approach its shareholders for additional financial support to enable the Project to complete this phase and establish operational readiness.

The facilities provided by the Hongkong and Shanghai Banking Corporation Limited and BNP Paribas banks (the "**Lenders**") were fully drawn down during the year. This comprised two elements; a senior facility of US $75 million provided for construction funding, bank interest and costs incurred during construction, and a US $8 million cost overrun facility.

The Bureau of Internal Revenue ("**BIR**") has denied FCF (and other mining companies) some of its fiscal incentives stipulated within its Financial or Technical Assistance Agreement ("**FTAA**" or the "**Agreement**") through a Philippine Revenue Memorandum Circular No 17-2013. The provisions of the FTAA provides that FCF is able to import capital mining goods and equipment for the Project and is exempt from payment of import value added tax ("VAT") (currently 12%) and customs duties and fees on those specific imports. FCF has challenged the denial of its rights to avail of these incentives pursuant to its FTAA (a contract in law with the Philippine Government) through the Court of Taxation Appeal and has appealed in writing to uphold the incentives to the Office of the President. To date no resolution has been reached, however FCF will continue to seek an appropriate resolution through the processes afforded it under its FTAA and in law.

With the construction phase being completed in 2015 the Company identified the key positions and skill sets required to best position the project for operations. The professional skill sets required for mining and process plant operations differ substantially from those required from a construction team and the Company has undergone a significant human resources restructure to accommodate these requirements. This also involved designing and assigning personnel to various work rosters required to support the operations. To help ensure a smooth transition the Company called upon the assistance of the Department of Labor and Employment ("**DOLE**") providing them full information disclosure on the design of the new rosters and the wage structure that would apply. The DOLE provided its clearance that the Company was compliant with (as a minimum) the statutory requirements of the Philippines. The Company also proceeded to identify the staff previously employed under construction specific contracts who would be offered new contracts for the operational commencement. At all times the Company has been cognisant of stated aims and obligations to identify and develop the skills of members of the local community wherever possible.

Strategic Report (continued)

The Group actively sponsors social and environmental programs. It works closely with the Mines and Geosciences Bureau ("**MGB**") of the Philippines who are the mining regulator and monitor the Project to ensure its responsibilities under the FTAA and Philippines mining law are complied with. The obligation to achieve compliance and remain compliant places an increasing demand on the Project resulting in a growth in human resources and associated costs in the areas of safety, health, environment and permitting.

In October 2015 following the passage of super Typhoon Lando (international - Koppu) through the Project area the MGB issued a partial suspension order on the Project in response to water and erosional damage caused to areas downstream of the Residual Storage Impoundment ("RSI") dam and at the Malilibeg Dump Site (MDS). The eye of the typhoon, which was a very slow moving system, had passed within 40 kilometres of the mine-site with the result that the site was subjected to high winds and extreme rainfall. The temporary suspension order acted to stop construction activities within the RSI area and on the MDS and the tailing and return pipelines in those areas. It directed FCF to undertake rehabilitation and enhancement works in areas affected by the event.

FCF had identified these areas prior to the MGB inspection and had proactively commenced its own clean-up work. Under the monitoring of the MGB and other stakeholders FCF diligently completed this program of works to the satisfaction of all parties resulting in the temporary suspension order being lifted in April 2016, with performance related conditions attaching. FCF has been working concurrently with the MGB in meeting the requirements of these conditions and at the time of writing has successfully completed several of the activities.

FCF endorses and embraces its working relationship with the MGB and other agencies in meeting its obligations and promotion of the company as a responsible mining company including its duty of care for the environment and assistance in the local community.

Following the lifting of the partial suspension order the Company has moved into ore commissioning and debugging the operations in the process plant before commencing the ramp up process. This will ultimately bring the operations into commercial production provided the conditions attaching the lifting of the partial suspension order are complied with. FCF is confident it will satisfy the conditions required by the MGB.

As the Project moved from construction into commissioning its procurement function changed focus to include sourcing critical spares for the project, awarding operational supply and service contracts, agreeing consignment stocks being stored at the mine-site. Critical spares have been sourced from its equipment suppliers and various local suppliers have been identified and reviewed who will be able to meet the Project needs in a more timely and cost effective manner. Where local suppliers cannot be identified for required items the procurement team has sought to expand its supply chain overseas to source from more than one vendor in an attempt to provide continuity of supplies and reducing supply risk. The Company continues to engage suppliers under model services agreements, standard contracts provided by the 'Federation Internationale Des Ingenieurs-Conseils' (International Federation of Consulting Engineers) which replicates the successful use of these model contracts throughout the construction phase.

The spare parts strategy has been scoped to allow the greatest flexibility possible for support by the procurement team whilst meeting the operational requirements of the process plant and mining operations. A spares inventory has been established for the commencement of operations and procurement will be responsible for securing continuity of supplies as the Project moves onto the next phases of support needs for the ongoing operations.

Strategic Report (continued)

The extensive permitting processes, added to by the untimely impact of Typhoon Lando (Koppu) significantly delayed the ore commissioning phase of the Project and impacted negatively on the beginning of commercial production. The resulting time delays and lack of revenue from gold sales effectively depleted the Project's cash resources and the Company undertook various discussions with Lenders and its principal shareholders to find a solution. The solution arrived at comprised the following financial agreements:

1. The Lenders agreed to a rescheduling of capital payments;
2. Two private share placements to principal shareholders, raising in total £7,541,716;
3. An Open Offer share placement limited to a cap of €5 million offered to all shareholders except those principal shareholders participating in the first private share placement and who had previously agreed to waive their right to participate, raising £3,000,000; and
4. An unsecured loan facility of US $5 million provided by the Company's two principal shareholders.

The ongoing support of all of the shareholders has been greatly appreciated and is testament to their recognition of the Project strength and economic viability.

Management has been in discussions with the Lenders since November 2015 to restructure the current Facility Agreement recognising that the Company is unable to meet its financial obligations falling due on 30 June 2016 without additional financial support. Negotiations are well advanced with all parties who share the objective of completing the transaction by 30 June 2016.

The costs of the Project are shown in the table below. These comprise costs incurred during the construction build phase, and incremental costs incurred in the operational readiness phase that the Company has adopted prior to the lifting of the partial suspension order. The latter costs are an incremental expenditure which the Company has had to fund and which it would otherwise not have incurred if there was no partial suspension order. The main elements of the cost overrun against the original budget are due to:

(i) US $7.3 million direct costs payable to the BIR for taxes, along with $0.2m legal, advisor and other costs to challenge these payments, which had not been forecast and which the Company believes are not payable pursuant to the financial incentives it should receive under its FTAA,

(ii) US $13.1 million of costs incurred due to time delays and additional works following a lengthy permitting process, the impact of rehabilitation and enhancement works in the RSI area resulting from Typhoon Lando (Koppu),

(iii) US $2.1m of incremental costs expended on initial and critical spares,

(iv) US $3.1m of costs incurred as a result of the strategy to keep the Project at operational readiness in preparation for the partial suspension order being lifted, and

(v) Project contingency has been fully absorbed by the taxes payable and other construction activities.

Strategic Report (continued)

CONSTRUCTION ACTIVITIES	BUDGET US$	FORECAST COSTS TO COMPLETE US$
Mining	$19,812,000	$18,371,859
Process Plant	$80,855,801	$85,746,456
Residual Storage Impoundment	$11,817,056	$28,030,421
Onsite Infrastructure	$15,118,993	$13,750,474
Offsite Infrastructure	$5,260,346	$3,785,783
Indirect Costs	$10,291,827	$13,995,248
Owners Costs	$21,513,054	$32,209,575
VAT & DST		$7,276,304
Contingency	$18,090,923	-
TOTAL CONSTRUCTION	**$182,760,000**	**$203,166,120**
Spares & other capex		$2,094,935
OPERATIONAL ACTIVITIES		**Costs prior to Ore Commissioning**
Safety, Health & Environment		$191,499
Admin, Camp & Messing		$453,210
Mining		$501,746
Processing		$427,499
Mobile Maintenance		$137,567
Fixed Maintenance		$188,559
Human Resources		$10,411
Land acquisition and community development		$306,779
Site related activities		$701,879
Manila costs		$141,231
TOTAL OPERATIONAL		**$3,060,380**
Additional bank fees, legal and other costs		$1,440,834
TOTAL PROJECT COSTS PRIOR TO ORE COMMISSIONING	**$182,760,000**	**$209,762,269**

Strategic Report (continued)

Project Funding

In July 2015 the Company commenced discussions with the Lenders to reschedule its capital repayments. The delays experienced by the Project inhibited the Company from forecasting with any certainty when revenue from gold sales may start to flow. On 19 October 2015 FCF and the Lenders entered into an Amendment Deed to the Facilities Agreement dated 28 May 2014.

The costs incurred from the Lenders for the benefit of the Amendment Deed comprise:

- US $400,000 which was paid following the signing of the Amendment Deed.
- US $825,000 interest on the US $83 million facility. This is a capped, based on an additional 1% penal interest margin (effectively libor plus a margin of 5.75% on the $75 million senior facility and libor plus a margin of 6.75% on the US $8 million cost overrun facility). The amount additional interest paid to the Lenders by 31 March 2016 is US $153,083.

CAPITAL REPAYMENT SCHEDULE

Calculation date	Original repayment schedule US $	Revised repayment Schedule US $
Dec-15	$13,000,000	
Mar-16		$2,000,000
Jun-16	$13,000,000	$15,000,000
Dec-16	$13,000,000	$15,000,000
Jun-17	$13,000,000	$15,000,000
Dec-17	$8,000,000	$13,000,000
Jun-18	$8,000,000	$8,000,000
Dec-18	$7,000,000	$7,000,000
	$75,000,000	$75,000,000

The Debt Service Reserve Account ("**DSRA**") was utilised on 31 March 2016 to settle the following payments due to the Lenders:

(i) US $2 million rescheduled capital payment,

(ii) US $32,824 interest on the US $2 million capital amount, inclusive of US $5,167 additional 1% penal interest margin, and

(iii) US $147,917 being the additional 1% penal interest margin due to the Lenders for the period 19 October 2015 (the date of signing of the Amendment Deed) to 31 December 2015. The Lenders had omitted to request this additional margin on 31 December 2015.

Strategic Report (continued)

The balance in the DSRA is currently US $155,277. Under the terms of the Facilities Agreement the DSRA is required to be topped up within 60 days of its utilisation or by 30 May 2016 latest.

During 2015 the unutilised balance of the senior US $75 million was fully drawn down. In addition the US $8 million was fully drawn down.

To meet the additional costs forecast to complete the project, the Company decided upon a strategy to raise funds as follows:

- A private share placing to raise US $5 million from its three principal shareholders through the issue of 108,033,333 new ordinary shares of 1.0 pence each at a placing price of 3.0 pence per new ordinary share (“Placing”);
- An open offer up to a maximum 100 million new ordinary shares of 1.0 pence each at an offer price of 3.0 pence per new ordinary share (“Open Offer”), to raise a maximum of £3 million (approximately Euro 4.1 million);
- A loan facility of US $5 million was agreed to be raised from its two principal shareholders.

The funds received from the Placing and Open Offers were applied to the completion of the commissioning of the project. Whilst the Company had been progressively successful in obtaining the required operational and occupancy permits from the respective Philippines regulatory authorities, progress towards commissioning was slower than initially forecast due to the significant number of permits required. Commercial production had been originally forecast to commence in October 2015 but the time delays significantly impacted this forecast

The funds from the shareholders’ loan facility were intended to provide contingency funding should the commercial production be delayed past October 2015 due to slower progression of obtaining permits and for working capital needs. As it transpired these funds were required to finance rehabilitation and enhancement works caused by Typhoon Lando (Koppu).

Placing and Open Offers

The Placing successfully completed in September 2015, with £3,241,000 received and shares issued as below.

Shareholders	**Share Placement**
MTL Luxembourg Sarl	65,173,588
Runruno Holdings Ltd	25,176,157
Ruffer LLP (on behalf of its clients)	17,683,588
Total	**108,033,333**

The Open Offer was enthusiastically received with an oversubscription of entitlements applied for. After scale back 99,999,988 new ordinary shares were issued in October 2015, raising almost £3,000,000.

Strategic Report (continued)

Shareholders Facility Agreement

On 25 November 2015 a Facility Agreement between Metals Exploration plc and lenders, MTL Luxembourg Sarl and Runruno Holding Lid, was entered into for US $5million.

The original purpose of the facility was:
- For general corporate and working capital requirements
- To complete the project.

The interest rate on the facility is 20% per annum, compounded annually. The interest capitalised to the loan as at 31 December 2015 was US $43,386. The interest rate reflects that the loan is unsecured, subordinated to the Lenders Facility Agreement and Amendment deed thereto, and where interest will be accrued until such time as there is free cash flow to make interest and capital payments.

This loan facility ranks *pari passu* with the claims of all other unsecured and unsubordinated creditors.

Additional Shareholder Support

Following Typhoon Lando (Koppu) and the subsequent partial suspension order issued by the MGB, specific rehabilitation, clean up and enhancement works were required. Much of these works were already prioritised and already being undertaken by the Company.

The partial suspension order did not impact on any areas of the Project outside the RSI and the Company successfully continued to work with the MGB in obtaining permits through its wet commissioning phase. However the ore commissioning phase, ramp-up and commencement of production were then delayed until the partial suspension order was lifted.

The Lenders had rescheduled the capital payment due on 31 December 2015 of US $13 million over later repayment dates in the Facility Agreement and with a US $2 million capital and interest payment due on 31 March 2016. The use of the debt service reserve account to settle the 31 December 2015 interest payment was disallowed by the Lenders and the Company was required to make the interest payment of US $2,211,000 from its funds received from the shareholders and which were planned to be used in the Project.

Continuing time delays in the Project and depleting cash resources would require the Company to find additional funding to take the Project into commercial production. The Company had maintained a state of operational readiness to ensure minimal further delays in commencement of the process plant operations once the suspension order was lifted. This involved training personnel and a general program of clean up through the whole of the Project areas, keeping personnel active and alert. The Company is also obligated to meet its statutory and social development responsibilities under the FTAA.

To ensure short term funding needs were met the Company announced in March 2016 a further private share placement of 148,300,536 new ordinary shares of 1.0 penny at a price of 2.9 pence per new ordinary share to four of its principal shareholders. This raised a further £4,300,716 of funds.

Strategic Report (continued)

The participants in this equity raising were:

Shareholders	**Shares Placed**
MTL Luxembourg Sarl	85,431,490
Runruno Holdings Ltd	34,639,017
Baker Steel Capital Managers LLP	16,658,476
Investec Wealth & Investment Limited	11,571,553
Total	**148,300,536**

Baker Steel Capital Managers LLP (acting on behalf of various Funds for which it acts as full discretionary Investment Manager)

The Company also has available to it US $6 million in an offshore account established to provide working capital funding for the Project once ramp-up operations commence. These funds were contributed from shareholders' equity contributed in May 2014. At the time of writing these funds are being accessed.

<u>Restructure of Existing Facility Agreement 28 May 2014, and Amendment Deed 19 October 2015 (the "Facility")</u>

The Company has identified that it is not able to meet its financial obligations which fall due on 30 June 2016 as prescribed in the rescheduled capital repayment timeline of the Amendment Deed to the Facility Agreement dated 28 May 2014.

Discussions have been ongoing with the Lenders to design a financial lending solution to satisfy the Company's obligations and place it in a better position going forward. Without an agreed strategic solution it is highly likely the Project will default on its 30 June 2016 capital and interest payment and will be required to find an alternative solution. At this juncture there is no reason to believe restructuring efforts will fail and the company is confident the Lenders and FCF will work to put in place a restructured deal.

The Lenders have been receptive to restructuring but were agreed that this can only progress once the partial suspension order had been lifted and the Project enters the ore commissioning and ramp-up phase. This has now commenced.

The Company has also approached additional lenders to determine their appetite to become involved in a restructured finance deal where the Project is fully permitted and in the commissioning and ramp-up phase of operations. The Lenders have endorsed this approach. These discussions are taking place under confidence but the Company has confirmed that at least one other bank is interested to become involved in a de-risked project. It is possible that a second additional bank will confirm its interest in participating in the coming weeks. The basis of the discussions is to provide a capital and interest schedule of payments which support the Project. The Project fundamentals have not changed and realigning the payments schedule to fit with the Project's cash flows will result in the desired outcome required by Lenders and the Project.

Strategic Report (continued)

Hedging

FCF entered into contracts for interest rate swaps for an aggregate notional principal amount that is at least 40% but not more than 100% of the interest rate commitments over the term of the loan facility. The commitments were calculated based on company forecast. The variable six month US Libor rate is swapped out for a fixed rate of 1.575% over the term. The cost to the company payable upon settlement dates of this hedge facility during 2015 was US $343,173.

FCF entered into a series of gold forward sales contracts for 30% of the annual forecast gold production of the Project over three years with contracts settling on a quarterly basis for 7,500 ounces of gold each quarter. The initial forward sales orders placed totaled 90,000 ounces of gold at twelve quarterly intervals of 7,500 ounces each quarter. At the election of the Lenders a further 15,000 ounces of gold may be contracted for settlement in 2018 in two quarterly tranches of 7,500 ounces of gold each. To date these elections have not been taken up by the Lenders.

All forward sales contracts are cash settled instruments. Cash settlements for 2015 were for the benefit of the Project of US $1,887,150 and in 2016 for the benefit of the Project of US $ 1,485,887.

The fixed average weighted forward price achieved on the forward sales contacts for 90,000 ounces of gold is US $1,287.36.

The remaining forward gold price swap contracts outstanding as at 31 December 2015 in their maturing years is:

	2016	2017	2018	Total
- ounces of gold	26,250	30,000	15,000	**71,250**
- average price US $	$1,287.45	$1,285.81	$1,287.19	**$1,287.36**

The Company decided to close out the next three quarterly settlements by placing stop loss orders for each settlement, to preserve the value in the hedge contracts for the benefit of the Project in a period when the gold price was rising towards the strike price. The Lenders were in agreement with this strategy and preferred the Project would not have a cash payment exposure in its current liquidity situation. The table below explains the result of the decision to close out the next three quarterly hedge contracts and whereby the Project benefits by receiving a total of US $1,279,759 when these contracts settle.

Lender	Fixing Date	Settlement Date	Volume Au Oz	Relevant Forward Price (US $/Oz)	Stop Loss price achieved Price (US $/Oz)	In the Money (US $)
HSBC	30 September 2015	02 October 2015	3,750	$1,293.448	$1,231.990	$230,468
HSBC	30 December 2015	22 December 2015	3,750	$1,293.448	$1,234.150	$222,368
HSBC	31 March 2016	04 April 2016	3,750	$1,293.448	$1,236.400	$213,930
BNPP	30 September 2015	02 October 2015	3,750	$1,287.490	$1,231.657	$209,374
BNPP	30 December 2015	05 January 2016	3,750	$1,287.490	$1,233.674	$201,810
BNPP	31 March 2016	04 April 2016	3,750	$1,287.490	$1,233.674	$201,810
						$1,279,759

HSBC - Hong Kong Shanghai Banking Corporation Limited
BNPP - BNP Paribas (Singapore)

Strategic Report (continued)

Runruno Project Construction and Commissioning

The Process Plant facility at the Runruno mine consists of a conventional crushing circuit, grinding and flotation circuits, a gravity recovery circuit, a BIOX® sulphide oxidization circuit with waste effluent neutralization, conventional Cyanide in Leach gold recovery circuit and ZADRA elution, and two cyanide destruction circuits.

The last construction activity was completed in November 2015.

Staged commissioning activities commenced late in June 2015, and continued throughout the reporting period but were restricted to mechanical, electrical and wet commissioning by the MGB temporary suspension order. The facility has been commissioned using a 'self-manage' strategy using the owner's construction team to manage the activities on a day to day basis. The decision to self-manage construction works and subsequently commissioning resulted in a positive construction outcome and has provided invaluable experience for the operations and maintenance teams by allowing them to gain a deeper understanding of the process and the equipment.

Procurement and Contracts

Procurement of the long lead time items occurred in parallel with finalising construction packages and construction activities. By the start of 2015 all of the key packages had begun to arrive at the Project site. Equipment and construction materials continued to arrive onsite throughout the reporting period ready for construction and installation.

The focus of procurement shifted from construction packages to spares and first fills as the year progressed. All initial spares packages had been negotiated within the reporting period, with most packages delivered to site in Q4 2015.

An important part of the procurement strategy has been to contract in the domestic currency of the vendor and also where possible in the vendor's purchasing currency if this is not its domestic currency. This has resulted in the foreign currency translation risk being minimised as much as possible.

Commissioning Process Summary

The commissioning team was initially led by a Commissioning Manager from Plant & Infrastructure Engineering Pty Ltd which has since transferred to the owner's operational team from November 2015. The commissioning team is supported by the owner's operational electrical, mechanical, processing engineer and metallurgical teams. This has extended to include the process plant operators who have been trained internally. There is also a commissioning infrastructure crew complimenting this team led by a project engineer.

Commissioning has now been completed for all pre-commissioning, dry commissioning and water commissioning activities. All Plant Services (Process Water, Gland Water, Potable water, Fire Water, Safety Shower System, Plant Air and Air for Flotation, BIOX, Neutralization, and Cyanide Destruction) were fully commissioned during the reporting period. The Crushing circuit has been ore commissioned from the ROM bin to the Emergency stockpile during the reporting period.

Strategic Report (continued)

Following the lifting of the temporary suspension order by the MGB on 25 April 2016, the Return Water line from the RSI, Process Residue Pipeline and Crushing feed to the SAG mill had been ore commissioning. At the time of writing the SAG Mill, Gravity, and Flotation Ore commissioning were underway.

Operational Readiness

The mini operations plant, which was constructed and commissioned to include and replicate four processing circuits on a smaller scale; (i) milling & flotation, (ii) inoculums build up circuit, (iii) carbon in leach circuit and (iv) the ASTOR (cyanide destruction) circuit. It has been successfully used for in-house training purposes of plant operators. It has also been used to successfully grow the cultures required for the BIOX® liberation process and to provide a large stock of bacteria to underwrite the commissioning of the BIOX® circuit. The initial stock of bacteria has proven to be highly robust adapting extremely well in the Project environment.

Fifty-eight (58) personnel from the local Runruno area have been recruited and trained through the mini-plant where over 300 cubic metres of BIOX® inoculum, and 200 cubic metres of ASTER inoculum have been produced to support commissioning and ramp-up activities. The training program has elevated their skills to a level where they can confidently operate the Process Plant and have attained the training standard demanded for the Project.

The fixed plant maintenance team, through the commissioning phases, has actively trained and up-skilled its personnel in the transition from construction into commissioning. They have been immersed in the commissioning cycles of the plant and equipment, gaining a valuable understanding of the whole of the plant by responding to problems as they arise, and various risk assessments. The time delays experienced in the Project have had a positive result for the fixed plant maintenance team allowing them the benefit of becoming more acquainted with the plant than what they would normally be allowed. The Project will benefit from this experience going forward.

Community and Social Development

The Company’s renewable ‘Two Year Community Development Program’ (CDP) actively promotes assisting the residents of the Barangay of Runruno, the Municipality of Quezon and Province of Nueva Vizcaya in developing and promoting self-sustaining, income-generating activities, general wellbeing and opportunities across the wider community.

The Community & Social Development Department, the community interface arm of the Company, has forged a strong partnership with various national agencies and local governments from the Barangay to the Provincial level in the implementation of identified and prioritised projects and programs under the CDP.

Strategic Report (continued)

As the Company assists in elevating the economic status of its host community, it recognises that creating sustainable economic opportunities contributes to improving the overall wellbeing of the community. In doing so it promotes a vision of "Inclusive Sustainable Development". The Company has established a wide variety of Community based programs which ensure that the positive impacts of the Project achieve a broad and sustainable footprint. A summary of these programs are presented in the table below

Access to Health Services, Health Facilities and Health Professionals
Establishment of permanent manned health facilities Health missions and screening • Mother and child health including feeding programs and mothering classes • Medical and dental clinics • Circumcision • Pap smear and sexual health • Hearing and ear health • Blood donation • Eye health and "sight saving" • Goiter screening
Community Development
Technological Education and Skills Development Authority (TESDA) – Partnership in skills development, placement and employment program Livelihood Training Special Program for the Employment of Students (SPES)
Enterprise Development and Networking
Active programs, animal dispersal, crop production and productivity, processing, skill development, handicraft production and trading and vending initiatives
Infrastructure and Support Service Development
Health and sanitation facilities Road and bridges Public buildings Public services building Agricultural facilities Disaster risk reduction facilities Development of Eco-Tourism Water system Recreational facilities
Education and Educational Support
Early child care Basic literacy programs to support employability Accreditation and equivalency – basic trade traing to support out of work youth E – learning – computer based advanced learning Kindergarten, secondary and tertiary educational support Tertiary scholarship programs technical, social and environmental sciences
Protection and Respect of Socio-Cultural Values
Programs to safeguard the existing socio-cultural values of the host and neighbouring communities in promotion of social cohesion and cultural awareness

Strategic Report (continued)

The Project also undertakes a program to underwrite the “promotion of public awareness” regarding its technical activities, Project related impacts, social and environmental initiatives and Corporate and Social Responsibility (CSR) undertakings. The program’s stated objective is to “develop and institutionalise an Information Communication and Education program for greater public awareness and the understanding of responsible mining and the promotion of the geosciences”. These activities are managed by dedicated staff through a permanently manned office located in Sitio Runruno which is open to the public.

Health and Safety

There have been no material health and safety incidents throughout the construction phase and transition into commissioning. A safe working culture is actively promoted by a dedicated department and is embraced across the Project site and in departments, with all staff recognising their individual responsibilities to their own safety and the safety of others. During 2015, the company achieved a highly credible 3,859,215 Man-hours without Lost Time Accident (LTA) which at the date of this report now stands at 4,765,151 hours without LTA.

Environment

The Company actively promotes “responsible mining” and is a leader in the Philippine mining industry in its environmental and environmental rehabilitation practices. It recognises good environmental management as a key parameter in its CSR charter. The Company has a stated commitment to the effective stewardship, protection and enhancement of the environment in and around the areas where it operates, and the conduct of its business in an environmentally sound manner is the driving thrust towards the goal of sustainable development and reducing potential significant impacts of the project upon the environment.

In 2015 the MGB mandated that all operating mining companies will require ISO 14001 accreditation of their operations and mining companies entering into operations will require to be ISO 14001 accredited within 12 months of their commencement of commercial production. The Company is well advanced in its preparation for achieving ISO 14001:2015 accreditation of its environment management and support systems. The Company expects to achieve accreditation mid-year 2016.

The MGB expect the implementation of further of International Organisation for Standardisation (“ISO”) standards in mining in the coming years and will make use of these standards to drive and promote world class mining in the Philippines. The Company embraces these programs for the good of its operations and the industry in the Philippines.

Reforestation

FCF Minerals Corporation commenced its Mining Forest Program (MFP) in January 2007 and continues to actively implement the program. This program aims to repair environmental damage predating the Company’s operations and to off-set deforestation through the re-greening of barren lands, establishment of protection forests and the provision of habitat for wildlife within the FTAA area. The Company is also planting trees as a component of a greenhouse gas offset scheme and is an active participant in the President’s Greening Philippines initiative.

Strategic Report (continued)

The Company's achievements to date include:

- Planting an aggregate area of 161.48 hectares with about 101,753 tree seedlings;
- Development and maintenance of two nurseries, to supply seedlings for the Company's reforestation project, active mine rehabilitation practices, and tree donation activities. Endemic and fast growing forest tree seedlings, and vetiver grasses are grown in the Company's nurseries; and
- Implementation of a Biodiversity Offsetting (Bio-offsetting) Program, in joint venture with the MGB and the Nueva Vizcaya State University.

Rehabilitation

The Company actively reduces the potential environmental impacts of its operations and enhances its environmental performance in mined-out and disturbed areas through immediate and continuous rehabilitation activities.

Mined-out areas are stabilised and then revegetated using grasses, ground cover and endemic trees as are appropriate. In areas where direct planting is unlikely to be successful, measures such as installation of coconut matting reinforced with bamboo stakes are used as a substrate to support re-vegetation. Regular maintenance of the rehabilitation areas is undertaken by the environmental team until the area is established and self-generating. Appropriate drainage systems are also provided to prevent water accumulation that may cause erosion.

Across the site surface water run–off is directed to a series of siltation ponds and silt traps strategically constructed within the active mining area, process plant, Residual Storage Impoundment, Malilibeg waste dump, batching plant and crushing plant. These medium are designed to contain run-off water especially during heavy rains and prevent a build-up of siltation in the Sulong River. Regular desilting of the ponds is undertaken and silt fences are installed as needed.

Environmental Monitoring

The Company regularly conducts its own internal comprehensive environmental monitoring program to ensure compliance with its licence provisions, Philippine regulations and any appropriate contemporary standards. These programs extend to reference sites outside the immediate operational area and are used to provide reference and base-line data for future use. The Company also engages an independent third party consultant group specialised in environment monitoring services to conduct independent monitoring of its environmental performance.

The Project actively manages its waste generation through a Material Recovery Facility (MRF) where solid wastes are stored and further segregated to residuals and recyclables. Residuals are disposed at a local ecological landfill. The hazardous wastes generated such as used oil, wasted fluorescent bulbs, empty chemical containers, and batteries, are stored at the Project's Hazardous Waste Facility from which an accredited hazardous waste transporter and treater collects and processes the waste.

Strategic Report (continued)

Legal Compliances

All permits for the operation of the process plant have been secured. As of April 2016, the Company has secured a total of 434 permits with 12 minor permits or permit renewals in process. All permits needed for the operations are in place but are required to be renewed annually. The wide range of permits to operate in the Philippines are secured from a number of Government agencies and regulators including the DENR, MGB, Environmental Management Bureau, Forest Management Bureau, Bureau of Internal Revenue, Bureau of Customs, Bureau of Investment, Provincial Government, Municipality, Philippines National Police, National Telecommunications Commission, Water Management Bureau, and the Local Government Units (LGU).

The Project is regularly inspected and audited by the regulators and monitoring departments for performance and compliance. The Company maintains a section dedicated to managing permitting and compliance matters.

DIRECTORS' REPORT

The Directors present their Annual Report together with the audited financial statements of Metals Exploration plc and its subsidiary undertakings (the '**Group**') for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES
The principal activity of the Group is to identify, acquire and develop mining and processing projects, mining companies, businesses or opportunities with particular emphasis on precious and base metals mining opportunities in the Western Pacific Rim region.

The Company was incorporated on 8 April 2004 under the Companies Act 1985 (now Companies Act 2006) and is registered in England and Wales with registered number 05098945.

The principal activity of the Company is that of a holding Company for its subsidiary undertakings, which is set out in Note 14 of the financial statements.

Since the Company's admission to AIM in October 2004, the Group has focused efforts on the acquisition and development of exploration properties in South East Asia.

RESULTS AND DIVIDENDS
For the year ended 31 December 2015 the loss of the Group was £2,149,167 (2014: loss of £4,773,442).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: £nil).

BUSINESS REVIEW
A review of the current and future development of the Group's business is given in the Chairman's Statement on page 3 and the Strategic Report on page 10.

NOMINATED ADVISOR
The Company's nominated advisor is Stockdale Securities Limited.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP
The Board of Directors review the principal risks and uncertainties facing the Group on an ongoing and regular basis. Assessments are made as to how to manage these and mitigate as much risk as possible through various controls. Many of these risks and uncertainties are common to all mining projects. The principal risks and uncertainties facing the Group are identified as follows:

Directors' Report (continued)

Availability of funding

The Group's access to further financing as a source of funding for the Runruno Project and other projects is subject to various factors, many of which are outside of its control, such as political instability, an economic downturn, social unrest, or changes in the Philippine regulatory environment, changes to the Company's regulatory environment (including but not limited to the AIM Rules, the Code, the Financial Conduct Authority's Rules and Regulations) which result in an increase in the cost of borrowing of the Group or restrict its ability to obtain financing. There is no assurance that the Group will be able to arrange financing on acceptable terms, if at all. If the Group were unable to obtain financing from banks and other financial institutions or from capital markets this would adversely affect the ability of the Group to execute its expansion and growth strategies as well as its financial condition and prospects.

If adequate funds are not available to satisfy either short or long-term capital requirements, the Group may be required to limit its operations significantly.

Operating risks

The Company is not currently operational in the commercial production of gold and at this stage of its development the Company is not immediately subject to the vagaries of the gold price, commercial economic factors, share market industry and sector fluctuations, and general business risks as a producer although some or all of these factors may impact upon the Company's efforts to secure debt funding.

Market risk

The profitability of the Group's development projects is impacted by the general risks associated with the gold market. Profitability is ultimately affected by factors beyond the Group's control, such as a prolonged decline in world gold prices. The Group regularly tracks gold prices and regularly refines its models on financial profitability in order to have available for the Board at all times, a current view on the future financial viability of its active projects.

Shareholders' decisions to invest in other mining projects are significantly influenced by the relative prices of metals and future expectations for such prices.

The Group will be exposed to a dual currency risk in operations; (i) Philippine domestic peso currency exposure from costs associated with mining and gold recovery and (ii) US dollar currency exposure due to sales of its gold output and spares, fuel and process consumables are US dollar denominated or linked. The Philippine peso:US dollar currency exposure requires careful management to maximise shareholder value but the exposure cannot be diversified away altogether.

Plant commissioning risks and first time operating through the ramp up period

The successful completion of the Group's Runruno Gold project's commissioning and ramp up into full commercial production is reliant on the performance of the processing plant, the mining operation and the Project satisfying the conditions stipulated by the Mines and Geosciences Bureau ("MGB") for the commencement of operations. Additionally, the Project must ensure its compliance with a large number of permits issued by the statutory regulators with authority over the operations.

Directors' Report (continued)

Integrating each of the individual components and related infrastructure and utilities into a consolidated and fully workable single gold recovery processing plant, capable of meeting the output design criteria cannot be guaranteed as an immediate result. Commissioning failure in any single component may have a significant impact on start-up of commercial production. Included in these risks is the robustness of warranties provided by overseas equipment suppliers and the time period within which any warranty issue may be cured.

The ramp up period will test the individual component parts and the integration of all of the electrical and mechanical plant and equipment in the processing plant under stress conditions. It is traditional during this period to experience failures in electrical and mechanical parts and there is a high risk of downtime during this period whilst remedial work is undertaken. The Company has planned a three month ramp up period to debug operations prior to achieving normal commercial production. The actual time to reach normal operations my take longer than the planned three months and will have an effect on gold revenues if delayed.

To mitigate this immediate risk the Company has invested in having sufficient stocks of spares available for this time frame and has also entered into critical consumable contracts for the longer term for items such as bearings, rubber hoses, parts for pumps, drive belts and tyres. The supply chain for critical parts is a fundamental necessity to minimise downtime in the processing plant and operating its mining equipment. The Company is confident it will have minimal operating downtime through ramp up and into normal operations with its continual focus on identifying, sourcing and contacting for critical spares.

Dependency on a Single Mining Project

The Company is wholly dependent upon its single mining Project, the Runruno Gold-Molybdenum Project in the Philippines and is exposed to fiscal and economic variables with limited opportunity to offset or diversify these. The Project is the Company's only source of revenue and it is wholly dependent upon its gold reserves of 1.73 million ounces which includes its proven and probable reserves of 1.06 million ounces.

The recovery of these reserves have still to be experienced but the Company has taken strategic measures to be a cost efficient gold producer. It has built its own gold recovery processing plant and commissioning test results have been successful to date. The mining operations will be a self-undertaking using its own fleet and heavy mining equipment together with its highly trained operators. These operators have undergone a minimum of 200 hours 'on the job' training and have gained further, extensive experience building the Residual Storage Impoundment from mine pre-strip waste materials. The Company has a hedging policy to hedge up to 30% of its annual gold production and its variable element of its interest rate based on forecasted costs, during the lifetime of a finance facility.

Nature of mining and resource estimation

Exploration and development of mineral deposits involve a wide range of significant risks over an extended period of time. These risks are seldom constants with new types invariably arising and adding to the industry's and Group's challenges.

Mineral resource and reserves estimation provides no assurance that the potential tonnage and grades will be achieved. The exploration of mineral rights is speculative in nature and any published results are expressions of judgement developed using industry tested measuring techniques, none of which can be relied upon with complete certainty. Each set of published results builds upon the previous published information and includes any new and reliable information from systematic drill results, mining, recovery and reconciliation activities and is independently verified by qualified persons. However, this still involves experience, judgement, skill and estimation, all of which are imprecise, interpretative and open to challenge. The actual results of mining may differ upwards and downwards from the published reserves upon which the Group relies in its business projections.

The size of the deposit, its grade, depth and type of orebody, are only some of the particular attributes which determine the costs and recovery methods required to be employed. There is also the length of haul to the processing plant, age and maintenance programs for plant and equipment, land access, environmental protection and community relations, capital costs, reclamation and closure costs and labour and host community relations. The quantities, costs and assumptions used to identify and interpret these variables can be modelled to the lowest level of detail possible but they do not provide absolute certainty that the expected cost of mining will be achieved.

Mining regulatory risk

Foreign mining investors are exposed to a high level of regulatory risk under the governing bodies responsible for the Philippine mining sector. There are a wide array of 'rules and regulations' (the "Rules") that govern the regulatory regime for foreign mining investment in the Philippines and the Rules are created and enforced by several layers of government and government agencies nationally, provincially and locally.

The main-rule makers in the Philippines for foreign mining investment regulation are:

- the House of Representatives of the Philippines
- the Senate of the Philippines
- the President
- the Supreme Court
- the Department of Energy and Natural Resources ("DENR"), which issues implementing rules and regulations through its Bureaus:
    - the Mines and Geosciences Bureau ("MGB"), responsible for management, development and proper use of the country's mineral resources
    - the Environmental Management Bureau ("EMB"), responsible for management of the environment
    - the Forest Management Bureau ("FMB"), responsible for management development and proper use of the country's forest resources

Directors' Report (continued)

- the National Economic and Development Agency (NEDA), which is responsible for formulating social and economic policies
- the Department of Finance which sets policy pertaining to investment and the economy. The Bureau of Internal Revenue and the Bureau of Customs are Agencies of the Department responsible for the collection of taxation and customs duties and the Bureau of Investment responsible for managing foreign investments
- various local government units (LGUs), at provincial, municipal and barangay levels, and
- various other house and senate committees some with overlapping jurisdiction.

Mining in the Philippines involves a multipart framework of regulators and governing rules wherein foreign investment mining companies are required to understand and work within to be compliant. To date the Company has complied with every department, rule, obligation and permit and although the past is a good guideline, the Company is not in control of what challenges it may face in this field in the future. The regulatory environment is potentially the greatest risk faced by the Company as it progresses the development of the operations in the Philippines. However, management is cognisant of the law and is respectful of its obligations.

Key personnel

The Group's future success is very dependent upon the continued service of senior management, and its highly skilled and trained personnel in all levels of management and exploration, the retention of which cannot be guaranteed. There can be no certainty that the Group can recruit suitably qualified or skilled employees in a competitive, highly skilled, specialist industry and it is very probable the Group will face periods of varying lengths of management and skills shortages. Where key personnel cannot be retained in the medium to long term the Group's commercial production could be compromised at various intervals.

Environmental risk

Mining operations are by nature environmentally risky ventures. As a responsible miner the Group takes its environmental responsibilities very seriously and is subject to stringent rules and regulations before, during and after its period of exploration and mining development. Open pit mining is mining on a large-scale and has the capacity to become entangled in environmental disputes. The Group employs every effort to avoid and mitigate even the most minor of damage to the environment but it is aware it will always be exposed to these risks for as long as it is present at Runruno. Any breach of its environmental code or obligations to the environment as dictated in its FTAA or its Environmental Compliance Certificate may result in a temporary suspension of operations, fines, and even the possibility of closure of mining operations at Runruno. The Group is aware there will be further environmental standards imposed throughout the life of its mining operations which will involve further costs, time and compromises to be compliant.

Directors' Report (continued)

Political and Country Risk
The Philippines is a particularly challenging jurisdiction for foreign mining companies to succeed. During the early 70's mining accounted for nearly 20% of GDP of the country but mining currently accounts for approximately 3% of GDP. Political and country risk issues continue to hold back the development of a world class mining industry. Since 1995 there have been a number of attempts to renew the development of the mining sector but bureaucracy and policy uncertainty has made a challenging climate for foreign investing mining companies. Provincial governments, regulators and the judiciary undermine confidence in the Philippines mining industry. These include:

- Several attempts to repeal the 1995 Mining Act;
- Recent environmental protection laws ('Writ of Kalikasan') and judicial procedures opening up the potential for mining opponents to delay mining projects unfairly; and
- Provincial level 'laws' banning open-cut mining, although the legal basis for doing so is questionable.

The Group has no control or influence in these matters and these risks are a constant.

To mitigate this risk, the Group applied for and was granted a Financial or Technical Assistance Agreement, a contract in law with the government. The 1995 Mining Act allows 100% foreign ownership of mining entities where there is a US $50 million investment or higher, through the ownership of a FTAA. Mines operating under a FTAA have recourse for disputes to be arbitrated offshore, avoiding the cumbersome Philippine legal system. Despite opposition to the Act successive Presidents have supported the framework.

KEY PERFORMANCE INDICATORS
The Directors monitor the performance of the Group through the following key performance indicators:

- Progression of the Runruno project through permitting according to pre-determined milestones. This programme requires a level of diligence and the Group has been successful to date and is confident of obtaining permits when and where required; particularly with respect to its construction project. The Group is also confident of its compliance obligations imposed in maintaining and renewing permits.
- The outcome of technical work undertaken on the Company's projects measured against budgets, forecasts, expectations and industry benchmarks. This continues to be in line with expectation and there is no reason to believe this will not continue to be so.
- Resource measurement in compliance with JORC standards. The Group's latest resource update in March 2013 was JORC compliant which is Group standard practice and a prerequisite before announcing any updated results. The Group has no intentions of deviating from this standard and is comfortable with its current resource measurements and will maintain a consistent approach whilst striving to increase reserves through ongoing strategically focused and systematic drilling activities compliant with JORC standards.

Directors' Report (continued)

- Project value based on dollar values of resource. Dollar values of resource have not fallen to levels at which the economic viability of the Group's projects is threatened. A detailed monthly review of actual expenditure and future operational costs to track against operational costs and forecasts. The Directors have confidence in the current value of the project and in the foreseeable future.
- The ongoing compliance of all operational permits and maintenance of strong working relationships with the MGB and other statutory authorities.
- Successfully achieving full commercial production within the forecast period to ensure sufficient cash flow projections are met to meet lender covenant obligations and the expectations of shareholders and other key stakeholders. The Directors have confidence in the current forecasts.

DIRECTORS

The Directors of the Company during the year and since the year end were:

I. R. Holzberger	(Executive Chairman)	
J. W. D. Ayre	(Non-Executive Director)	
T. J. Dean	(Non-Executive Director)	
L. E. Simovici	(Non-Executive Director)	appointed 19 January 2015
G. R. Walker	(Non-Executive Director)	
J. G. Wilson	(Non-Executive Director)	

There are no female members of the Board of Directors.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, or its subsidiary a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Mr Ayre acquired two million shares through a broker on the traded market.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, or any of its subsidiary companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the year.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events occurring after the balance sheet date are set out in note 31 to the consolidated financial statements.

Directors' Report (continued)

FINANCIAL RISK MANAGEMENT

Details of the Group's policies with respect to financial risk management are given in Note 28 to the financial statements.

Given the size of the Group the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The Group's finance departments implement policies set by the Board of Directors.

CORPORATE RESPONSIBILITY AND ENVIRONMENTAL POLICY

The Group's policy is to conduct operations in a safe and environmentally responsible manner to industry best practice standards, to respect the indigenous culture of its host Provinces, to promote social and economic development for its host communities and to offer employment and training opportunities to those who live in the project impact area.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The Directors at the date of approval of this Annual Report individually confirm that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

AUDITOR

A resolution to reappoint Nexia Smith & Williamson will be proposed at the forthcoming Annual General Meeting. In view of the substantial changes in the Group as it transitions from construction activities to production activities the Board considers that audit quality would be best safeguarded by maintaining continuity in the audit team. It is therefore proposed that the expected 5 year term of the current senior statutory auditor is extended for a maximum of two years, subject to annual review.

Approved by the Board of Directors and signed on behalf of the Board

L. A. Ruddy
Company Secretary

25 May 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Nexia Smith & Williamson

Independent auditor's report to the members of Metals Exploration plc

We have audited the financial statements of Metals Exploration plc for the year ended 31 December 2015 which comprise the Consolidated Statement of Total Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted in the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report (continued)

Emphasis of matter - Going concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the ability of the Group to continue as a going concern. The ability of the Group to meet its financial obligations and commitments is dependent on restructuring existing debt or raising further equity finance.

In the event that existing debt is not restructured or equity finance is not raised the Group cannot meet scheduled external debt repayments as at 30 June 2016. In this instance plant and equipment held by the Group at £148,012,151, the goodwill held at £1,010,816 and the other intangible assets held at £7,436,054 may be impaired, additional liabilities may arise and assets and liabilities currently classified as non-current may become current.

These conditions indicate that there are material uncertainties which may cast doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Drew
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

25 May 2016

The maintenance and integrity of the Metals Exploration plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

METALS EXPLORATION PLC

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME for the year ended 31 DECEMBER 2015

	Notes	*2015* *£*	*2014* *£*
Continuing Operations			
Revenue		-	-
Cost of sales		-	-
Gross loss		-	-
Administrative expenses		(5,206,287)	(6,784,385)
Operating loss	3	**(5,206,287)**	**(6,784,385)**
Finance income and similar items	7	1,028	33,400
Finance costs	7	(2,898,071)	(26,829)
Fair value gain on forward sales contracts	20	8,511,399	3,974,040
Fair value loss on interest rate swaps	20	(146,101)	(154,819)
Share of losses of associates	15	(26,325)	(62,668)
Gains/ (losses) before tax		**235,643**	**(3,021,261)**
Taxation	8/9	(2,384,810)	(1,752,181)
Losses for the year		**(2,149,167)**	**(4,773,442)**
Other comprehensive income:			
Items that may be re-classified subsequently to profit or loss:			
Exchange differences on translating foreign operations		182,115	6,056,858
Total comprehensive (loss)/income for the period		**(1,967,052)**	**1,283,416**
Gain/ (loss) for the period attributable to:			
Equity holders of the parent		(2,149,167)	(4,773,442)
		(2,149,167)	**(4,773,442)**
Total comprehensive (loss)/ income attributable to:			
Equity holders of the parent		(1,967,052)	1,283,416
		(1,967,052)	**1,283,416**
Loss per share:			
Basic and diluted	10	**(0.151)p**	**(0.347)p**

The Company has taken advantage of the exemption provided under section 408 of Companies Act 2006 not to publish an income statement. The loss for the year ended 31 December 2015 dealt with in the financial statements of the Company was £955,967 (2014: £1,696,290). The Company made no gains or losses which would be reported in other comprehensive income in the year ended 31 December 2015 (2014: £nil) and therefore the Company has not published its statement of total comprehensive income.

CONSOLIDATED BALANCE SHEET as at 31 DECEMBER 2015

	Notes	2015 £	2014 £
Non-current assets			
Property, plant and equipment	11	148,012,151	114,929,223
Goodwill	12	1,010,816	1,010,816
Other intangible assets	13	7,436,054	7,460,210
Derivative asset	20	7,402,121	3,717,266
Investment in associate companies	15	97,862	124,187
Trade and other receivables	16	2,160,956	1,818,508
		166,119,960	**129,060,210**
Current assets			
Derivative asset	20	4,010,014	462,581
Trade and other receivables	17	871,115	1,172,991
Cash and cash equivalents	18	10,969,449	12,251,994
		15,850,578	**13,887,566**
Non-current liabilities			
Loans	21	(37,895,318)	(19,330,771)
Derivative liability	20	(80,386)	(162,837)
Deferred tax liabilities	9	(4,270,103)	(1,866,624)
Provision for mine rehabilitation	22	(1,324,736)	(1,262,391)
		(43,570,543)	**(22,622,623)**
Current liabilities			
Trade and other payables	19	(4,790,342)	(4,298,510)
Loans - current portion	21	(21,685,730)	(8,376,668)
		(26,476,072)	**(12,675,178)**
Net assets		**111,923,923**	**107,649,975**
Equity			
Share capital	23	15,830,054	13,749,721
Share premium account		128,751,738	124,591,071
Shares to be issued reserve		3,652,155	3,652,155
Acquisition of non-controlling interest reserve		(3,785,077)	(3,785,077)
Translation reserve		3,534,689	3,352,574
Profit and loss account		(36,059,636)	(33,910,469)
Equity attributable to equity holders of the parent		**111,923,923**	**107,649,975**

The financial statements were approved by the Board of Directors on 25 May 2016 and were signed on its behalf by:

Ian R. Holzberger

Ian R. Holzberger
Executive chairman

25 May 2016

METALS EXPLORATION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 DECEMBER 2015

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Translation reserve*	*Acquisition of non-controlling interest reserve*	*Profit and loss account*	*Total equity*
	£	£	£	£	£	£	£
Balance at 1 January 2015	13,749,721	124,591,071	3,652,155	3,352,574	(3,785,077)	(33,910,469)	107,649,975
Exchange differences on translating foreign operations	-	-	-	182,115	-	-	182,115
Loss for the year	-	-	-	-	-	(2,149,167)	(2,149,167)
Total comprehensive income for the year	-	-	-	182,115	-	(2,149,167)	(1,967,052)
Issue of equity share capital	2,080,333	4,160,667	-	-	-	-	6,241,000
Balance at 31 December 2015	**15,830,054**	**128,751,738**	**3,652,155**	**3,534,689**	**(3,785,077)**	**(36,059,636)**	**111,923,923**

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Shares to be issued reserve; being the credit side of the entry relating to the expense recognised in the Statement of Total Comprehensive Income for share based remuneration
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries
- Profit and loss account; being the cumulative loss attributable to equity shareholders

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 DECEMBER 2014

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Translation reserve*	*Acquisition of non-controlling interest reserve*	*Profit and loss account*	*Total equity*
	£	£	£	£	£	£	£
Balance at 1 January 2014	13,749,721	124,591,071	3,652,155	(2,704,284)	(3,785,077)	(29,137,027)	106,366,559
Exchange differences on translating foreign operations	-	-	-	6,056,858	-	-	6,056,858
Loss for the year	-	-	-	-	-	(4,773,442)	(4,773,442)
Total comprehensive loss for the year	-	-	-	6,056,858	-	(4,773,442)	1,283,416
Balance at 31 December 2014	**13,749,721**	**124,591,071**	**3,652,155**	**3,352,574**	**(3,785,077)**	**(33,910,469)**	**107,649,975**

METALS EXPLORATION PLC

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 DECEMBER 2015

	Notes	***2015*** £	***2014*** £
Net cash used in operating activities	25	**(4,018,110)**	**(4,206,343)**
Investing activities			
Purchase of property, plant and equipment		(34,090,272)	(44,962,271)
Purchase of intangible assets		(51,040)	(340,776)
Investment on associates		-	(132,427)
Net cash used in investing activities		**(34,141,312)**	**(45,435,474)**
Financing activities			
Proceeds from borrowings	21	29,084,416	27,707,439
Proceeds from issue of share capital		6,241,000	-
Proceeds from settlement of gold forward contracts		1,277,813	-
Net cash arising from financing activities		**36,603,229**	**27,707,439**
Net increase/(decrease) in cash and cash equivalents		(1,556,193)	(21,934,378)
Cash and cash equivalents at beginning of year		12,251,994	31,947,096
Foreign exchange difference		273,648	2,239,276
Cash and cash equivalents at end of year		**10,969,449**	**12,251,994**

COMPANY BALANCE SHEET as at 31 DECEMBER 2015

	Notes	*2015* *£*	*2014* *£*
Non-current assets			
Property, plant and equipment	11	-	-
Other intangible assets	13	-	-
Investment in subsidiaries	14	6,057,046	6,057,046
Trade and other receivables	16	122,149,115	115,582,142
		128,206,161	**121,639,188**
Current assets			
Trade and other receivables	17	579,457	541,975
Cash and cash equivalents	18	2,570,262	568,379
		3,149,719	**1,110,354**
Current liabilities			
Trade and other payables	19	(165,084)	(177,550)
Non-current liabilities			
Loans	21	(3,333,771)	-
Net assets		**127,857,025**	**122,571,992**
Equity			
Share capital	23	15,830,054	13,749,721
Share premium account		128,751,738	124,591,071
Shares to be issued reserve		3,652,155	3,652,155
Profit and loss account		(20,376,922)	(19,420,955)
Equity attributable to equity holders of the parent		**127,857,025**	**122,571,992**

The financial statements were approved by the Board of Directors on 25 May 2016 and were signed on its behalf by:

Ian R Holzberger

Ian R Holzberger

Executive Chairman

25 May 2016

METALS EXPLORATION PLC

COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 DECEMBER 2015

	Share capital	***Share premium account***	***Shares to be issued reserve***	***Profit and loss account***	***Total equity***
	£	£	£	£	£
Balance at 1 January 2014	13,749,721	124,591,071	3,652,155	(17,724,665)	124,268,282
Loss for the year	-	-	-	(1,696,290)	(1,696,290)
Total comprehensive loss for the year	-	-	-	(1,696,290)	(1,696,290)
Issue of equity share capital	-	-	-	-	-
Share issue expenses	-	-	-	-	-
Balance at 31 December 2014	**13,749,721**	**124,591,071**	**3,652,155**	**(19,420,955)**	**122,571,992**
Loss for the year	-	-	-	(955,967)	(955,967)
Total comprehensive loss for the year	-	-	-	(955,967)	(955,967)
Issue of equity share capital	2,080,333	4,160,667	-	-	6,241,000
Balance at 31 December 2015	**15,830,054**	**128,751,738**	**3,652,155**	**(20,376,922)**	**127,857,025**

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Shares to be issued reserve; being the credit side of the entry relating to the expense recognised in the Statement of Total Comprehensive Income for share based remuneration
- Profit and loss account; being the cumulative loss attributable to equity shareholders

COMPANY CASH FLOW STATEMENT for the year ended 31 DECEMBER 2015

	Notes	2015 £	2014 £
Net cash used in operating activities	25	**(7,572,888)**	**(29,032,841)**
Investing activities			
Investment in subsidiary		-	(1,170,654)
Investment in associates		-	(132,427)
Net cash used in investing activities		**-**	**(1,303,081)**
Financing activities			
Proceeds from issue of share capital		6,241,000	-
Proceeds from borrowings		3,333,771	-
Net cash from financing activities		**9,574,771**	**-**
Net increase/(decrease) in cash and cash equivalents		2,001,883	(30,335,922)
Cash and cash equivalents at beginning of year		568,379	30,904,301
Cash and cash equivalents at end of year		**2,570,262**	**568,379**

METALS EXPLORATION PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these financial statements.

Basis of preparation
The financial information has been prepared on a historical cost basis and in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). The information is also prepared in accordance with IFRS adopted by the European Union and, as regards the Parent Company financial statements, applied in accordance with the provisions of the Companies Act 2006.

Going concern
As a result of the delay experienced in commencement of commercial production and based on the Group's cash flow projections the Directors acknowledge that the Company cannot meet its external debt covenants as at 30 June 2016 without remedial action. To mitigate this risk the Company is working in good faith with its current lenders to restructure its current Facility Agreement. This program has been ongoing for some months and is likely to include at least one additional bank to join the lending consortium. All parties recognise the importance and timing constraints and are actively working to achieve this restructure within the required time frame. At this point in time there are considered to be no commercial impediments against achieving the restructure.

In the event that the restructure is considered unlikely to be agreed then the Company may seek alternative financing from the shareholders. The shareholders have shown their propensity to continue supporting its gold project in the Philippines and have provided, since July 2015, over £13.8 million additional finance by way of equity and debt. However the Board is confident at the time of writing that the debt restructure will have a successful outcome and therefore the accounts are prepared on a going concern basis.

Changes in accounting policies and disclosures
In the current year, there have been no new or amended Standards and Interpretations adopted by the Group.

New standards and interpretations
At the date of authorisation of these financial statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group. Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, these consolidated financial statements; the following may have a material impact going forward.

- *Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation**
- *Amendments to IAS 27 Separate Financial Statements**
- *Amendments to IAS 1 Presentation of Financial Statements**
- *Amendments to IAS 7 Statement of Cash Flows: Disclosure initiative**
- *IFRS 9 Financial Instruments**
- *IFRS 15 Revenue from Contracts with Customers**

*not yet endorsed by EU

Basis of consolidation
The Group financial statements incorporate the financial statements of the Company and its subsidiary undertakings for the year ended 31 December 2015. A subsidiary is an entity controlled, directly or indirectly, by the Group. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

1. Accounting policies (continued)

Basis of consolidation (continued)

The financial statements of the subsidiary companies have been included in the Group's financial statements from the date of acquisition when control was passed to the Group using the acquisition method of accounting. The Group financial statements include the results of the Company and its subsidiaries as if they were a single reporting entity. On consolidation, intra-Group transactions and balances are eliminated.

Business combinations and goodwill
On acquisition, the assets, liabilities and contingent liabilities of the Company's subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Goodwill arising on consolidation is recognised as an asset in the consolidated balance sheet and tested annually for impairment and any impairment is accounted for as a reduction in the value of the asset. Goodwill is considered to have an indefinite useful life.

Where there is an acquisition of an increased share of an existing subsidiary's net assets after the Company has previously gained or had effective control of the decision making of the subsidiary, such that there is no dilution or loss of effective control in the subsidiary, then the transaction is accounted for in equity and reserves in the consolidated balance sheet. This particular type of acquisition transaction does not add to the value of goodwill on consolidation.

Foreign currency
The individual financial statements of the Company and its subsidiaries are presented in their functional currencies which are the currencies of the primary economic environments in which the entities operate. The Group financial statements are presented in Pounds Sterling which is the presentation currency for the Group and Company financial statements.

Transactions in currencies different to the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange gains and losses on the settlement of monetary items are recognised in the statement of total comprehensive income.

On consolidation, the assets and liabilities of foreign subsidiaries are translated to Pounds Sterling at the rates prevailing at the balance sheet date. Income and expenses are translated at the average exchange rates for the period. Exchange differences are recognised within other comprehensive income in the consolidated statement of total comprehensive income.

Taxation and deferred tax
Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of total comprehensive income, except when it relates to items charged or credited directly to other comprehensive income in which case, the deferred tax is also dealt with in the statement of total comprehensive income.

1. Accounting policies (continued)

Taxation and deferred tax (continued)

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority, on either the same taxable Group Company or different Group entities, which intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Share based payments
The Company enters into equity-settled share based compensation plans for the employees of its subsidiaries and enters into equity-settled share based transactions with its Directors, in which the counterparty provides services to the Company in exchange for remuneration in the form of certain equity instruments of the Company. The equity instruments comprise warrants and share options.

The services received by the Company in these share based payment agreements are measured by reference to the fair value of the equity instruments at the date of grant and are recognised as an expense in the statement of total comprehensive income with a corresponding increase in equity.

The Company estimates the fair value of the equity instruments at the grant date using the Black Scholes model in which the terms and conditions upon which those equity instruments were granted are taken into account.

For equity instruments granted that do not vest until the counterparty completes a specified period of service, the expense is recognised as the services are being rendered by the counterparty during the vesting period. The expense recognised is based on the best available estimate of the number of equity instruments expected to vest and on the vesting date, the expense is revised to reflect the actual number of equity instruments that vested.

For equity instruments granted that vest immediately and the counterparty is unconditionally entitled to the equity instruments, the expense is recognised in full on the grant date.

Intangible assets
Exploration costs
Costs relating to the exploration of precious and base metal properties are capitalised as intangible assets in the balance sheet once the Group has obtained the legal right to explore an area.

Capitalised exploration costs are reclassified to tangible assets once technical feasibility and commercial viability of extracting a mineral resource are demonstrable. The capitalised exploration costs are tested for impairment annually.

Where exploration costs have been incurred and capitalised for a specific tenement and the commercial and technical requirements to demonstrate positive economic returns using approved mining techniques has not been established, the Company recognises these costs as an intangible asset and tests these costs annually for impairment.

Other Intangible assets
Intangible assets acquired separately are initially recognised at cost. Intangible assets acquired as part of a business combination are measured at their fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Computer software is amortised over its expected useful life of 3 years using the straight-line method. Licences acquired to support mining operations will be amortised over the expected useful life of the mining operation (or the term of the licence if shorter) when development is complete and mining commences. Intangible assets are tested annually for impairment.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

1. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are initially recognised at cost plus directly attributable costs and are subsequently carried at cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated over their expected useful lives, using the straight-line method.

The classes of depreciable assets, their expected useful lives and their depreciation methods are:

Buildings	10 years	Straight-line
Drilling equipment	5 years	Straight-line
Motor vehicles	3-5 years	Straight-line
Leasehold improvements	10 years	Straight-line
Fixtures, fittings and equipment	3 years	Straight-line
Freehold land	this is not a depreciable asset.	
Construction in progress	these costs are depreciated over the useful life of the mine at the point of commissioning the mining process plant applying the units of production method.	
Mining properties	these costs are depreciated over the useful life of the mine at the point of commissioning the mining process plant applying the units of production method.	

Mining properties costs have arisen entirely as a result of a reclassification of the intangible assets deferred exploration costs, advances to surface occupants, and mining licenses. As of 20 October 2011 the extraction of gold from the Runruno site has been assessed as being both technically feasible and commercially viable. Further costs since this date have been capitalised straight to mining properties.

Construction in progress tangible assets have been incurred after 1 December 2011, the date the board of directors announced that the Group had moved into the capital construction phase of its development. The costs were substantially incurred throughout 2012 to 2015.

The recovery of the Mining Property and Construction in Progress costs is dependent upon achieving the commercial mining economics as outlined in the feasibility study approved by the Mines and Geosciences Bureau.

Mining property costs will be depreciated over the useful life of the mine once the process plant has been commissioned and the process of recovery of gold from mineral ore has commenced.

Construction in progress costs will be appropriately identified and allocated to a particular property, plant and equipment tangible asset category, once the processing plant has been commissioned and the process of recovery of gold from mineral ore has commenced. The costs will be treated as being reclassified and will be depreciated according to the adopted method of the appropriate asset category.

Investments

Investments in subsidiaries and investment in associates are recognised at cost less any impairment losses in the Company accounts.

Equity accounting is applied to investments in associates on a Group basis. Investments in associates are recognised at the cost of investment as adjusted for post-acquisition changes in the Group's share of net assets of the associate. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

1. Accounting policies (continued)

Provision for mine rehabilitation and decommissioning
Provision is made for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the end of the reporting period when the related environmental disturbance occurs, based on the estimated future costs using information available at the end of the reporting period.

The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is classified as interest accretion in the statement of comprehensive income. At the time of establishing the provision, a corresponding asset is capitalized and depreciated over future production from the operations to which it relates.

The provision is reviewed on an annual basis for changes to obligations or legislation or discount rates that affect change in cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate, and the adjusted cost of the asset is depreciated prospectively.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each end of the reporting period and the cost is charged to the statement of comprehensive income.

Borrowing costs
Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recorded.

When funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. When surplus funds are temporarily invested, the income generated from such temporary investment is deducted from the total capitalised borrowing cost. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial instruments
Financial instruments are recognised as assets, liabilities or within equity in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets of the Group comprise cash and cash equivalents, trade and other receivables and derivative assets. The Group’s financial liabilities comprise trade and other payables, loans and derivative liabilities.

Cash and cash equivalents include cash in hand and short-term bank deposits. Trade and other receivables are measured at amortised cost.

Trade and other payables and loans are initially measured at fair value less any transaction costs and subsequently measured at amortised cost. Fair value usually equates to the proceeds received. Finance costs are accrued for in the statement of total comprehensive income to the extent that they are unpaid.

Derivative assets and liabilities
Derivative financial instruments (e.g. commodity derivatives such as forwards and swaps to economically hedge exposure to fluctuations in gold prices and interest rates) are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivatives are accounted for at fair value through profit or loss, where any gains or losses arising from changes in fair value on derivatives are taken directly to profit or loss for the year.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

1. Accounting policies (continued)

Derivative assets and liabilities (continued)
As at 31 December 2015, the Company has freestanding derivative instruments (including gold forward sales contracts and interest rate swaps) used to hedge risks associated with commodity prices and interest rates and fix cash flows associated with the Group's loan facility. As such cash flows in respect of these derivative financial instruments are included in financial activities.

The Company recognised derivative assets and liabilities arising from the forward commodity sales contracts for gold sales transactions and interest rate swaps as at 31 December 2015.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates, assumptions and judgements that affect the application of policies, and reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from reported amounts in the financial statements.

The estimates, assumptions and judgements which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are:

Impairment of tangible and intangible assets
At 31 December 2015 the carrying values of tangible and intangible assets of the group were £148,012,151 (2014: £114,929,223) and £8,446,870 (2014: £8,471,026) respectively. Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Depreciation of tangible assets
Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives. The selection of these residual values and estimated lives requires the exercise of management judgement.

Functional currency of Group companies
The Group comprises several entities in three different countries; Philippines, Indonesia, Singapore and United Kingdom. The financial statements of each entity are prepared using the functional currency of the country where it is registered to do business. On preparation of Group consolidated financial statements, management chooses an appropriate exchange rate to translate each of the functional currencies to Pounds Sterling. The Group financial statements are presented in the functional currency of the Parent Company. This judgement may change if future events dictate a more appropriate presentational currency should be adopted.

Recovery of intercompany receivable accounts - Company
The recoverability of amounts due to the Company from other Group entities is assessed on an annual basis and is determined from value-in-use calculations. The key assumptions for these value-in-use calculations are those regarding discount rates, the estimated changes in the price of gold, increments in the resource statements and forecast changes in direct costs to reflect the operational gearing of the business, the ability of the entity to renew its mining permit(s) and comply with annual required levels of expenditure.

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Recovery of intercompany receivable accounts - Company (continued)

The carrying amount of the Company's intercompany receivable non-current asset at 31 December 2015 was £122,149,115 (2014: £115,582,142) which excludes an amount of £2,002,526 (2014: £1,981,180) as a result of impairment reviews performed on all Group entities in the year. This reflects the impairment of the amounts due from MTL Philippines, Inc. and PT Cupati.

The Group tests whether the carrying values of its intangible assets and tangible assets have suffered any impairment, at least annually using the same value-in-use determinations above.

If the actual performance of a Group entity becomes materially worse compared to the performance based on the estimates, possible impairment losses could arise, or could deviate from previously detected impairment losses. This impairment loss or deviation could have a material effect on the carrying amounts of the intangible or tangible assets.

The estimated value in use of the Group's entities did not indicate any deterioration in an entity's carrying values for its intangible assets or tangible assets for the year ended 31 December 2015.

Estimating fair values of structured debt instruments and derivatives

The fair values of structured debt instruments and derivatives that are not quoted in active markets are determined using valuation techniques such as discounted cash flow analysis and standard option pricing models. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are reviewed before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

3. **Operating loss** for the year is stated after charging:

	2015	***2014***
	£	*£*
Depreciation of property, plant and equipment	1,726,688	1,742,854
Amortisation	70,834	62,244
Foreign exchange losses	327,148	684,254
Staff costs (see note 6)	1,110,197	1,051,927
Auditors remuneration (see note 4)	59,700	80,950

4. Auditor's remuneration

	2015	***2014***
	£	*£*
Fees payable to the Group and Company's auditor for the audit of the Group and Company's accounts	42,200	43,050
Fees payable to the Company's auditor and its associates for audit related services	3,175	4,500
Taxation compliance services	6,250	6,250
Taxation advice services	4,100	27,150
Other services	3,975	-
	59,700	**80,950**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

5. Segmental analysis

Operating segments have been identified on the basis of the Group's internal reporting to the Chief Operating Decision Maker ('CODM') and in particular the components of the Group which are regularly reviewed by the CODM. The operating segments included in internal reports are determined on the basis of their significance to the Group. The CODM has been determined to be the Board of Directors as it is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments. The primary segments have been identified into four geographic areas of the UK, Philippines, Singapore and Indonesia. The CODM uses 'Loss before tax' and 'Cash & cash equivalents' as the key measures of the segments' results and these measures reflect the segments' underlying performance for the period under evaluation. Major customers are not identifiable or reported as the Group's mining operations are not yet operating in a production capacity. Mining construction commenced in 2013 and it is expected that mining production will commence in H1 2016. It is because of this status that most expenditure is of a capital nature.

The segment results for the year ended 31 December 2015, for the year ended 31 December 2014 and the reconciliation of the segment measures to the respective statutory items in the consolidated financial information are as follows:

Year ended 31 December 2015	UK	Philippines	Indonesia	Singapore	Total
	£	£	£	£	£
Segment results					
Group operating loss	(1,458,857)	(3,723,928)	(17,062)	(6,440)	(5,206,287)
Finance income & similar items	249	764	15	-	1,028
Finance costs	(36,764)	(2,860,821)	(119)	(367)	(2,898,071)
Fair value gain on forward sales contracts	-	8,511,399	-	-	8,511,399
Fair value loss on interest rate swaps	-	(146,101)	-	-	(146,101)
Share of losses of associates	-	(26,325)	-	-	(26,325)
Gains/ (losses) before tax	**(1,495,372)**	**1,754,988**	**(17,166)**	**(6,807)**	**235,643**

Year ended 31 December 2014	UK	Philippines	Indonesia	Singapore	Total
	£	£	£	£	£
Segment results					
Group operating loss	(1,617,446)	(5,180,868)	(19,770)	33,699	(6,784,385)
Finance income & similar items	29,363	1,371	11	2,655	33,400
Finance costs	(4,266)	(21,876)	(120)	(567)	(26,829)
Fair value gain on forward sales contracts	-	3,974,040	-	-	3,974,040
Fair value loss on interest rate swaps	-	(154,819)	-	-	(154,819)
Share of gains of associates	-	(62,668)	-	-	(62,668)
Losses before tax	**(1,592,349)**	**(1,444,820)**	**(19,879)**	**35,787**	**(3,021,261)**

METALS EXPLORATION PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

5. Segmental analysis (continued)

Year ended 31 December 2015	UK	Philippines	Indonesia	Singapore	Total
	£	£	£	£	£
Segment assets					
Segment tangibles & intangibles	-	156,457,051	1,970	-	156,459,021
Segment trade & other receivables	206,546	2,824,890	-	635	3,032,071
Segment cash	2,570,262	8,384,120	629	14,438	10,969,449
Segment derivative assets	-	11,412,135	-	-	11,412,135
Equity-accounted investees	-	97,862	-	-	97,862
Total segment assets	2,776,808	179,176,058	2,599	15,073	181,970,538
Segment liabilities					
Segment loans	(3,333,771)	(56,247,277)	-	-	(59,581,048)
Segment trade & other payables	(165,084)	(4,615,742)	(4,983)	(4,533)	(4,790,342)
Segment provisions	-	(1,324,736)	-	-	(1,324,736)
Segment derivative liabilities	-	(80,386)	-	-	(80,386)
Segment deferred tax	-	(4,270,103)	-	-	(4,270,103)
Total segment liabilities	(3,498,855)	(66,538,244)	(4,983)	(4,533)	(70,046,615)
Total segment net assets	**(722,047)**	**112,637,814**	**(2,384)**	**10,540**	**111,923,923**

Year ended 31 December 2014	UK	Philippines	Indonesia	Singapore	Total
	£	£	£	£	£
Segment assets					
Segment tangibles & intangibles	-	123,398,132	2,117	-	123,400,249
Segment trade & other receivables	152,579	2,838,920	-	-	2,991,499
Segment cash	568,379	11,373,996	4,793	304,826	12,251,994
Segment derivative assets	-	4,179,847	-	-	4,179,847
Equity-accounted investees	-	124,187	-	-	124,187
Total segment assets	720,958	141,915,082	6,910	304,826	142,947,776
Segment liabilities					
Segment loans	-	(27,707,439)	-	-	(27,707,439)
Segment trade & other payables	(177,550)	(4,113,239)	(5,288)	(2,433)	(4,298,510)
Segment provisions	-	(1,262,391)	-	-	(1,262,391)
Segment derivative liabilities	-	(162,837)	-	-	(162,837)
Segment deferred tax	-	(1,866,624)	-	-	(1,866,624)
Total segment liabilities	(177,550)	(35,112,530)	(5,288)	(2,433)	(35,297,801)
Total segment net assets	**543,408**	**106,802,552**	**1,622**	**302,393**	**107,649,975**

Segment net assets are analysed net of intercompany transactions.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

5. Segmental analysis (continued)

Year ended 31 December 2015	UK	Philippines	Indonesia	Singapore	Total
	£	£	£	£	£
Segment other information					
Amortisation of intangible assets	-	(70,834)	-	-	(70,834)
Depreciation of property, plant and equipment	-	(1,726,688)	-	-	(1,726,688)
Additions to property, plant and equipment	-	34,876,928	-	-	34,876,928

Year ended 31 December 2014	UK	Philippines	Indonesia	Singapore	Total
	£	£	£	£	£
Segment other information					
Amortisation of intangible assets	-	(62,244)	-	-	(62,244)
Depreciation of property, plant and equipment	-	(1,742,854)	-	-	(1,742,854)
Additions to property, plant and equipment	-	48,088,971	-	-	48,088,971

The results of each segment have been prepared using accounting policies consistent with those of the Group as a whole.

6. Staff numbers and costs

	2015	*2014*
The average number of persons, including Directors, was:	*Number*	*Number*
Administration	24	27
Exploration	-	2
Construction & development	653	613
	677	**642**

	2015	*2014*
Staff costs of the above persons were:	*£*	*£*
Wages and salaries	1,068,022	1,029,071
Social security costs	3,492	5,493
Pension costs	38,683	17,363
Termination benefits	-	-
	1,110,197	**1,051,927**

6. Staff numbers and costs (continued)

Directors' emoluments:	***2015***	*2014*
	£	£
Directors		
I.R. Holzberger	494,399	397,893
Sums paid to third parties in respect of Directors		
Solomon Capital Limited/ MTL Luxembourg Sarl Pte Ltd – T.J. Dean	24,000	24,000
Solomon Capital Limited/ MTL Luxembourg Sarl Pte Ltd – C.G. Whitehouse	-	22,000
Solomon Capital Limited / MTL Luxembourg Sarl Pte Ltd– J.G Wilson	24,000	24,000
Solomon Capital Limited / MTL Luxembourg Sarl Pte Ltd– L. E. Simovici	24,000	-
J.W.D. Ayre	24,000	20,000
Runruno Holdings Limited – G.R. Walker	48,000	41,000
	144,000	131,000
	638,399	**528,893**

The Directors are considered to be the only members of key management personnel. All emoluments represent Directors' fees.

Pursuant to the Subscription and Shareholders' Agreement of 8 March 2011, Solomon Capital Limited (and later renamed as MTL Luxembourg Sarl Pte Ltd) and Runruno Holdings Limited subsequently entered into separate Services Agreements which detailed the terms of remuneration each of these companies receives for the supply of their representative Directors. MTL Luxembourg Sarl Pte Ltd (and previously Solomon Capital Limited) is represented by Mr. Tim Dean, Mr. Julian Wilson and Mr. Edi Simovici. Runruno Holdings Limited is represented on the Board of Directors by Mr. Guy Walker.

Share options held by Director:

Option holder	*Grant date*	*Number of options*	*Exercise price*	*Earliest vesting date or rate per month*	*Expiry date*
I. R. Holzberger	18-Mar-10	6,000,000	£0.25000	18-Mar-12	17-Mar-17

Further details relating to key management are given in note 27 to the financial statements.

7. Finance costs and income

	2015	*2014*
	£	£
Exchange loss on translation of USD loans	(2,789,193)	-
Loan interest payable	(99,095)	(17,640)
Bank interest and charges payable	(9,783)	(9,189)
Finance costs	**(2,898,071)**	**(26,829)**
Bank interest receivable	1,028	33,400
Finance income and similar items	**1,028**	**33,400**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

8. Taxation

The charge for taxation comprises the following

	2015	2014
	£	£
Current year corporation tax charge	-	-
Current year deferred tax charge	2,384,810	1,752,181
Total tax charge for the year	**2,384,810**	1,752,181

The total tax charge for the year can be reconciled to losses for the year as follows:

	2015	2014
	£	£
Losses before tax	235,643	(3,021,261)
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2014: 21%)	47,129	(634,465)
Effects of:		
Overseas expenses not taxable for tax purposes	1,263,117	1,318,878
Differing tax rates in different jurisdictions	883,357	525,654
Losses carried forward	171,332	462,278
Non taxable and non deductible items	17,418	30,366
Short-term timing differences	2,457	49,470
Total taxation charge for the year	**2,384,810**	1,752,181

On 8 July 2015 the Government confirmed the current rate of UK corporation tax rate is 20% but with effect from 1 April 2017 it will fall to 19% and with effect from 1 April 2020 it will fall to 18%. The rate of corporation tax in existence for the year ended 31 December 2014 was 21%.

9. Deferred tax charge, liability and asset

Deferred tax charge

	Tax charge		**Tax Liability**		**Tax Asset**	
	2015	2014	**2015**	2014	**2015**	2014
	£	£	£	£	£	£
Derivative assets	2,169,687	1,177,074	3,423,641	1,253,954	-	-
Undepleted asset retirement obligation	(221)	355,498	378,496	378,717	-	-
Unrealised foreign exchange gain	169,246	174,119	354,738	185,492	-	-
Other short term timing differences	88,471	45,490	113,228	48,461	-	-
	2,427,183	**1,752,181**	**4,270,103**	**1,866,624**	**-**	**-**

9. Deferred tax charge, liability and asset (continued)

The differences between the deferred tax charge through the Consolidated Statement of Comprehensive Income and the deferred tax liability on the Consolidated Balance Sheet has occurred from translation differences arising on consolidation. Liabilities are translated using the closing foreign exchange rate prevailing at 31December 2015 whereas the foreign currency composition of the comprehensive income statement is translated using the average rate for the whole of the year.

Deferred tax asset
For the year ended 31 December 2015 the Group has net unused tax losses of £14,079,463 (2014: £16,601,097) available for offset against future profits. However, due to the Group's on-going tax losses situation, the deferred asset has not been recognised on the Consolidated Balance Sheet due to uncertainty over its future reversal.

For the year ended 31 December 2015 the Group has net unused tax losses available for offset against future profits as follows:

	2015	2014
	£	£
UK	13,469,875	12,458,329
Philippines	609,588	4,142,768
Indonesia	-	-
Group unused tax losses available	**14,079,463**	16,601,097

As at 31 December 2015 reductions in tax rates culminating in a rate of 18% with effect from 1 April 2020 have been substantively enacted and have therefore been reflected in the calculation of unrecognised deferred tax assets for the year ended 31 December 2015.

The Company has recalculated its un-provided UK deferred tax assets at the end of the reporting period using the most recently substantively enacted corporation tax rate of 18% (2014: 20%), and the deferred tax asset is estimated to be £2,424,578 (2014: £2,482,064).

10. Loss per share

	2015	*2014*
	£	£
Loss		
Net loss attributable to equity shareholders for the purpose of basic and diluted loss per share	**(2,149,167)**	(4,773,442)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,420,447,578**	1,374,972,025
Basic and diluted loss per share	**(0.151)p**	(0.347)p

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

10. Loss per share (continued)

The loss per share was calculated on the basis of net loss attributable to equity shareholders divided by the weighted average number of ordinary shares. The basic and diluted loss per share is the same, as the exercise of share options and warrants would reduce the loss per share and therefore, are anti-dilutive.

	2015	*2014*
Weighted average number of potential ordinary shares that are not currently dilutive	**9,775,000**	9,775,000

11. Property, plant and equipment – Group

	Leasehold improvements	Motor vehicles	Fixtures, fittings & equipment	Land & buildings	Drilling equipment	Construction in progress	Mining properties	*Total*
	£	£	£	£	£	£	£	£
Cost								
As at 1 January 2014	210,476	668,589	9,344,939	6,575	953,603	28,858,605	27,144,193	67,186,980
Additions	-	33,092	2,425,954	1,298,677	59,318	44,271,930	-	48,088,971
Foreign exchange differences	10,641	34,661	483,892	341	49,437	1,071,976	1,831,357	3,482,305
As at 31 December 2014	221,117	736,342	12,254,785	1,305,593	1,062,358	74,202,511	28,975,550	118,758,256
Additions	-	10,494	514,895	-	13,805	34,090,888	246,847	34,876,929
Foreign exchange differences	(2,034)	(431)	(7,982)	(763)	(621)	(26,516)	(33,808)	(72,155)
As at 31 December 2015	**219,083**	**746,405**	**12,761,698**	**1,304,830**	**1,075,542**	**108,266,883**	**29,188,589**	**153,563,030**
Depreciation								
As at 1 January 2014	(201,600)	(254,645)	(682,901)	-	(844,997)	-	-	(1,984,143)
Charge for the period	(8,109)	(119,765)	(1,482,014)	(126,660)	(6,306)	-	-	(1,742,854)
Foreign exchange differences	(10,189)	(13,201)	(34,839)	-	(43,807)	-	-	(102,036)
As at 31 December 2014	(219,898)	(387,611)	(2,199,754)	(126,660)	(895,110)	-	-	(3,829,033)
Charge for the period	(230)	(106,015)	(1,494,793)	(124,270)	(1,380)	-	-	(1,726,688)
Foreign exchange differences	1,978	227	2,040	74	523	-	-	4,842
As at 31 December 2015	**(218,150)**	**(493,399)**	**(3,692,507)**	**(250,856)**	**(895,967)**	**-**	**-**	**(5,550,879)**
Net book value								
As at 31 December 2015	**933**	**253,006**	**9,069,191**	**1,053,974**	**179,575**	**108,266,883**	**29,188,589**	**148,012,151**
As at 31 December 2014	1,219	348,731	10,055,031	1,178,933	167,248	74,202,511	28,975,550	114,929,223
As at 1 January 2014	8,876	413,944	8,662,038	6,575	108,606	28,858,605	27,144,193	65,202,837

The prior year balances have been restated to amend the classification of costs between construction in progress and mining properties.

11. Property, plant and equipment – Group (continued)

As of 1 December 2011 the Board of Directors approved the transition for FCF Minerals Corporation to commit expenditure towards the construction of a mining process plant at Runruno. Historical costs incurred at Runruno to gain access rights over land were previously accumulated and reported as intangible assets, but as of 1 January 2012 have been reclassified by transferring these costs into the Property, plant and equipment category of tangible assets.

The total borrowing costs capitalized to construction in progress amounted to £3,011,656 in 2015 (2014: £2,225,000)

11. Property, plant and equipment - Company

	Fixtures, fittings & equipment £
Cost	
As at 1 January 2014	8,825
Additions	-
As at 31 December 2014	8,825
Additions	-
As at 31 December 2015	**8,825**
Depreciation	
As at 1 January 2014	(8,825)
Charge for the period	-
As at 31 December 2014	(8,825)
Charge for the period	-
As at 31 December 2015	**(8,825)**
Net book value	
As at 31 December 2015	**-**
As at 31 December 2014	-
As at 1 January 2014	-

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

12. Goodwill

	2015	*2014*
	£	*£*
Cost and net book value	**1,010,816**	1,010,816

Goodwill has arisen from the acquisition of a 70% share in FCF Minerals Corporation in February 2005, and a further 15% in August 2007. Following the adoption of IAS27; *Consolidated and Separate Financial Statements (revised 2008)*, no goodwill was recognised on the acquisition of the remaining 15% shareholding in FCF Minerals Corporation in 2011. Instead, the fair value of the consideration less the value of the non-controlling interest was accounted for in equity reserves as the 'Acquisition of Non-Controlling Interest Reserve' in the consolidated balance sheet.

Under IAS36 - *Impairment of Assets*, a cash generating unit to which goodwill has been allocated should be tested annually for impairment. The Company assesses the recoverable amount of the cash generating unit based on the value in use of the Runruno project using cash flow projections over the expected life of the mine of 10 years and discount rates of 5%, 10% and 20%. The cash flow projections are based on the current resource estimate of 1m ounces of gold and include estimated capital expenditure and annual operating costs using externally sourced price forecasts for gold. The estimated value-in-use exceeded the aggregate of the carrying values of the Group's intangible assets, including goodwill, therefore no impairment was made.

Goodwill is not annually translated to the closing rate at the balance sheet date as any foreign exchange movements on this balance would be immaterial.

13. Other intangible assets – Group

	Cost of Exploration	*Licences*	*Software*	*Total*
	£	*£*	*£*	*£*
Cost				
As at 1 January 2014	2,924,934	4,219,568	225,535	7,370,037
Additions	227,204	-	113,572	340,776
Foreign exchange differences	151,636	218,754	11,693	382,083
As at 31 December 2014	3,303,774	4,438,322	350,800	8,092,896
Additions	25,789	-	25,251	51,040
Foreign exchange differences	(1,932)	(2,595)	(205)	(4,732)
As at 31 December 2015	**3,327,631**	**4,435,727**	**375,846**	**8,139,204**
Impairment				
As at 1 January 2014	(178,641)	-	-	(178,641)
Foreign exchange differences	(9,261)	-	-	(9,261)
As at 31 December 2014	(187,902)	-	-	(187,902)
Foreign exchange differences	110	-	-	110
As at 31 December 2015	**(187,792)**	**-**	**-**	**(187,792)**
Amortisation				
As at 1 January 2014	-	(209,263)	(154,422)	(363,685)
Charge for the period	-	-	(62,244)	(62,244)
Foreign exchange differences	-	(10,849)	(8,006)	(18,855)
As at 31 December 2014	-	(220,112)	(224,672)	(444,784)
Charge for the period	-	-	(70,834)	(70,834)
Foreign exchange differences	-	129	131	260
As at 31 December 2015	**-**	**(219,983)**	**(295,375)**	**(515,358)**
Net Book Value				
As at 31 December 2015	**3,139,839**	**4,215,744**	**80,471**	**7,436,054**
As at 31 December 2014	3,115,872	4,218,210	126,128	7,460,210
As at 1 January 2014	2,746,293	4,010,305	71,113	6,827,711

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

13. Other intangible assets – Company

	Licences
	£
Cost	
As at 1 January 2014	209,263
Foreign exchange differences	10,849
As at 31 December 2014	220,111
Foreign exchange differences	(129)
As at 31 December 2015	**219,982**
Amortisation	
As at 1 January 2014	(209,263)
Foreign exchange differences	(10,849)
As at 31 December 2014	(220,111)
Foreign exchange differences	129
As at 31 December 2015	**(219,982)**
Net Book Value	
As at 31 December 2015	**-**
As at 31 December 2014	-
As at 1 January 2014	-

14. Investments in subsidiaries - Company

	£
Cost	
As at 1 January 2014	6,600,486
Further investment in existing subsidiaries	1,170,654
Share redemption under corporate reorganisation	(1,261,768)
As at 31 December 2014	6,509,372
Further investment in existing subsidiaries	-
Share redemption under corporate reorganisation	-
As at 31 December 2015	**6,509,372**
Impairment	
As at 1 January 2014	(576,600)
Charge for the period	(301,697)
Share redemption under corporate reorganisation	425,971
As at 31 December 2014	(452,326)
Charge for the period	-
Share redemption under corporate reorganisation	-
As at 31 December 2015	**(452,326)**
Net book value	
As at 31 December 2015	**6,057,046**
As at 31 December 2014	6,057,046
As at 1 January 2014	6,023,886

Metals Exploration Pte Ltd and PT Cupati are direct subsidiaries of the Company.

FCF Minerals Corporation and MTL Philippines, Inc. were direct subsidiaries of the Company in 2013. These investments were transferred to Metals Exploration Pte Ltd in 2014 as part of the corporate reorganisation required to perfect a security package pursuant to a loan Facility Agreement which FCF Minerals Corporation entered into on 28 May 2014, and for the benefit of the lenders. Additional investment was made in Metals Exploration Pte Ltd during 2014 in order to facilitate the Group reorganisation.

Metals Exploration plc ROHQ established in the Philippines, is an overseas branch of the Company and therefore its results are reported together with the Company's.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

14. Investments in subsidiaries - Company (continued)

The investments in subsidiaries are as follows:

Company	*Country of registration*	*Percentage holding*	*Nature of business*
PT Cupati	Indonesia	96%	Holder of mining rights
Metals Exploration Pte Ltd	Singapore	100%	Holding and investment company
FCF Minerals Corporation	Philippines	100%	Holder of mining rights
MTL Philippines	Philippines	100%	Holder of exploration rights

The principal place of business of the subsidiary companies listed above is the same as their country of registration.

15. Investments in associates – Group

	2015	*2014*
	£	£
At 1 January	124,187	54,428
Further investment in existing associates	-	132,427
Share of losses of associates	(26,325)	(62,668)
At 31 December	**97,862**	124,187

Associate company	**Domicile**	**Assets**	**Liabilities**	**P&L reserves Deficit at 31 Dec 15**	**Sales**	**Gains/(Losses)**	**Ownership %**
		£	£	£	£	£	
Cupati Holdings Corporation	Philippines	1,836,720	1,882,294	(81,575)	-	-	39.99%
Woggle Corporation	Philippines	245,131	75,562	190,437	-	-	39.99%

Cupati Holdings Corporation and Woggle Corporation were investments of the Company in 2013. These investments were transferred to Metals Exploration Pte Ltd in 2014 as part of the corporate reorganisation required to perfect a security package pursuant to a loan Facility Agreement which FCF Minerals Corporation entered into on 28 May 2014, and for the benefit of the lenders.

16. Trade and other receivables due in more than one year – Group

	2015	*2014*
	£	£
Amounts owed by associates	**2,160,956**	1,818,508

16. Trade and other receivables due in more than one year– Company

	2015	*2014*
	£	£
Amounts due from Group undertakings	**122,149,115**	115,582,142

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

17. Trade and other receivables due in less than one year – Group

	2015	*2014*
	£	£
Other receivables	704,908	838,314
Prepayments	166,207	334,677
	871,115	1,172,991

17. Trade and other receivables due in less than one year - Company

	2015	*2014*
	£	£
Other receivables	563,342	532,311
Prepayments	16,115	9,664
	579,457	541,975

18. Cash and cash equivalents – Group

	2015	*2014*
	£	£
Cash on hand	4,881	6,412
Current accounts	10,964,568	12,245,582
	10,969,449	**12,251,994**

18. Cash and cash equivalents – Company

	2015	*2014*
	£	£
Current accounts	2,570,262	568,379
	2,570,262	568,379

19. Trade and other payables – Group

	2015	*2014*
	£	£
Trade payables	3,845,711	2,724,842
Other payables	690,503	810,132
Other tax and social security payable	48,655	-
Accruals	205,473	763,536
	4,790,342	4,298,510

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

19. Trade and other payables - Company

	2015	*2014*
	£	£
Trade payables	84,961	90,170
Other tax and social security payable	20,707	-
Accruals	59,416	87,380
	165,084	177,550

20. Derivative assets and liabilities

In 2014, the Group entered into Hedging Agreements based on the International Swaps and Derivatives Association, Inc. (ISDA) schedule to the 2002 Master Agreement.

Gold Forward
The Group is exposed to changes in gold prices and the Group entered into forward sales price swap contracts that protect against the risk of decreases in gold prices. The Group has entered into cash settled forward sales gold contracts totalling 90,000 ounces of gold to be settled over thirty six (36) months with the first settlement received on 2 October 2015. As at 31 December 2015, derivative assets and the related unrealised gains on these derivative contracts recognised in the statement of comprehensive income amounted to £8,511,399 (2014; £3,974,040).

	Non-current assets	***Current assets***	***Total 2015***
	£	£	£
At 1 January 2015	3,717,266	462,581	4,179,847
Fair value gain	8,314,313	197,086	8,511,399
Settlements	(565,608)	(712,205)	(1,277,813)
Foreign exchange differences	(915)	(383)	(1,298)
Transfer to current	(4,063,065)	4,063,065	-
At 31 December 2015	**7,401,991**	**4,010,144**	**11,412,135**

	Non-current assets	*Current assets*	*Total 2014*
	£	£	£
At 1 January 2014	-	-	-
Fair value gain	3,534,236	439,804	3,974,040
Foreign exchange differences	183,030	22,777	205,807
At 31 December 2014	3,717,266	462,581	4,179,847

Gold forward contracts and interest rate swaps are classified as level 2 in the fair value hierarchy defined in IFRS 13.

20. Derivative assets and liabilities (continued)

The following table provides a summary of the forward gold price swap contracts outstanding at 31 December 2015, maturing in:

	2016	2017	2018	Total
Forward sales contracts				
Ounces of gold	26,250	30,000	15,000	71,250
Average price US$	$1,287.45	$1,285.81	$1,287.19	$1,286.74

Interest Rate Swap

The Group entered into Hedging Agreements with two international resource banks that provide for interest rate swap for an aggregate notional principal amount that is at least forty percent (40%) of the commitments over the term of the Loan Facility Agreement. When the Loan Facility was originally arranged in May 2014, the Company entered into interest rate swaps to swap the underlying variable six month US Libor interest rate into a fixed rate of 1.575% for the original fifty four month term ending 31 December 2018. A derivative liability and the related unrealised marked-to-market loss on the interest rate swap contracts are recognised in the financial statements.

	2015	*2014*
	£	£
At 1 January	(162,837)	-
Fair value gain/(loss)	(146,101)	(154,819)
Settlements	228,444	-
Foreign exchange differences	108	(8,018)
At 31 December	**(80,386)**	(162,837)

21. Loans - Group

On 28 May 2014, the Company entered into a loan Facility Agreement with two foreign international resource banks with each both bank having an equal participation. The Facility Agreement comprises three separate elements:

Senior Facility: The senior facility includes rolled up capitalised interest and bank fees during the construction phase of US $5,000,000[1]	US$75,000,000
Cost overrun facility:	US$8,000,000

Note[1]: the capitalised interest period covers the construction period 28 May 2014 to 31 December 2015.

The Facility Agreement is for the fifty four (54) month period maturing on 31 December 2018 with the following interest rates applicable:

a.) Senior Facility:
- Six month US Libor plus a margin of 4.75% per annum up until the project completion date
- Six month US Libor plus a margin of 4.25% per annum after the project completion date

b.) Cost Overrun Facility: Six month US Libor plus a margin of 5.75% per annum

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

21. Loans - Group (continued)

The Loan Facility Agreement is primarily secured by (i) Pledge Agreement over the Company, and Metals Exploration Pte Ltd's rights under certain collateral including certain shares it owns (ii) Mortgage Agreement constituted over current and future certain real and movable (chattel) properties of the Company during the term of the Facility Agreement.

During 2015, the Group had fully drawn down against the US$70,000,000 senior debt facility for construction works, the US$5,000,000 facility available for capitalised interest and bank fees and the US$8,000,000 cost overrun facility. Due to the delay in commencing commercial obligations and associated lack of cash flow agreement was reached with the lenders to reschedule the debt repayments. The cost of the rescheduling includes a penal interest rate of 1%, capped at US$825,000. The maturing of the facility remains the same at 31 December 2015. The rescheduling of the loan repayments has not been deemed a substantial modification as defined by IAS39 Financial Instruments and therefore has been accounted for prospectively.

	2015	*2014*
	£	*£*
Loans due with one year	**21,685,730**	8,376,668

	2015	*2014*
	£	*£*
Loans due after more than one year	**34,561,546**	19,330,771

21. Loans - Company

On 25 November 2015 the Company entered into a facility agreement with two major shareholders, MTL (Luxembourg) Sarl Pte Ltd and Runruno Holdings Limited. The purpose of this agreement was for general corporate and working capital requirements of the Company and to enable completion of the project. The facility amount of US$5,000,000 was fully drawn down, with interest capitalised against the facility at 20% per annum. The facility ranks pari passu with the claims of other unsecured and unsubordinated creditors. This loan is included in the Group balance sheet above.

	2015	*2014*
	£	*£*
Loans due within one year	**-**	-

	2015	*2014*
	£	*£*
Loans due after more than one year	**3,333,771**	-

22. Provision for mine rehabilitation and decommissioning

	2015	*2014*
	£	£
At 1 January	1,262,391	1,262,391
Accretion of interest	63,073	-
Foreign exchange differences	(728)	-
At 31 December	**1,324,736**	1,262,391

The Company makes a full provision for the future cost of rehabilitation of the process plant and other future costs on a discounted basis. Provision for mine rehabilitation and decommissioning represents the present value of future rehabilitation and other costs. These provisions have been created based on the Company's internal estimates. Estimated costs include labour, equipment hire, consumables and transportation for disposal. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual costs will ultimately depend upon future market prices for the necessary works required which will reflect market conditions at the relevant time. Furthermore, the timing of the rehabilitation and expenditure of other costs is likely to depend on when the mine ceases to produce at economically viable rates, and the timing that the event for which the other provisions provided for will occur.

23. Called up share capital

	2015	*2014*
	£	£
Allotted, called up and fully paid at 1 January	13,749,721	13,749,721
Shares issued and fully paid during the year	2,080,333	-
Allotted, called up and fully paid at 31 December	**15,830,054**	13,749,721

24. Share based payments

Share options
The Group operates a share option scheme named the Unapproved Share Option Scheme 2007 ('Share Option Scheme') adopted on 29 March 2007.

Under the Group's Share Option Scheme, options are generally exercisable after 3 years from the issue date at a price equal to the quoted market price of the Company's shares on the date of grant. Options are forfeited if the employee leaves the Group before the options vest.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

24. Share based payments (continued)

Details of the share options outstanding are as follows:

	Year ended 31 December 2015		Year ended 31 December 2014	
	Number of share options	Weighted average exercise price *p*	Number of share options	Weighted average exercise price *p*
Outstanding at the beginning of the period	7,235,000	25.25	7,275,000	25.33
Exercised during the period	-	-	-	-
Expired during the period	-	-	(40,000)	40.00
Outstanding at the end of the period	**7,235,000**	**25.25**	**7,235,000**	**25.25**
Exercisable at the end of the period	7,235,000	25.25	7,235,000	25.25

The share options outstanding had a range of exercise prices as follows:

	Year ended 31 December 2015			Year ended 31 December 2014		
	Number of share options	Exercise price *p*	Weighted average remaining contractual life *(months)*	Number of share options	Exercise price *p*	Weighted average remaining contractual life *(months)*
	150,000	12.00	3	150,000	12.00	15
	500,000	15.00	2	500,000	15.00	14
	6,000,000	25.00	15	6,000,000	25.00	27
	585,000	40.00	22	585,000	40.00	34
Outstanding at the end of the period	**7,235,000**	**25.25**	**14**	**7,235,000**	**25.33**	**26**

During the year, an expense of £nil was recognised in the statement of total comprehensive income (2014: £nil).

24. Share based payments (continued)

Warrants
The Group also operates a warrant scheme. Under the Group's warrant scheme, warrants are generally exercisable for up to 7 years from the issue date.

Details of the warrants outstanding are as follows:

	Year ended 31 December 2015		Year ended 31 December 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		p		*p*
Outstanding at the beginning of the period	-	-	2,500,000	36.75
Exercised during the period	-	-	-	-
Granted during the period	-	-	-	-
Expired during the period	-	-	(2,500,000)	36.75
Outstanding at the end of the period	**-**	**-**	-	-
Exercisable at the end of the period	-	-	-	-

There are no warrants outstanding and in the previous year they had a range of exercise prices as follows:

	Year ended 31 December 2015			Year ended 31 December 2014		
	Number of warrants	Exercise price P	Weighted average remaining contractual life *(months)*	Number of warrants	Exercise price *p*	Weighted average remaining contractual life *(months)*
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Outstanding at the end of the period	**-**	**-**	**-**	-	-	-

During the year, a £nil charge was recognised in the statement of total comprehensive income (2014: £nil).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

25. Net cash used in operating activities – Group

	2015	*2014*
	£	*£*
Gain/ (loss) before tax	235,643	(3,021,261)
Depreciation	1,726,688	1,742,854
Amortisation	70,834	62,244
Share of losses of associates	26,325	62,668
Net interest payable/ (receivable)	2,897,043	(6,571)
Increase in receivables	(40,572)	(382,448)
(Decrease)/increase in payables	(294,824)	1,148,821
Fair value gain on forward sales contracts	(8,511,399)	(3,974,040)
Fair value loss on interest rate swaps	146,101	154,819
Cash used in operations	**(3,744,161)**	(4,212,914)
Interest received	1,028	33,400
Interest paid	(274,977)	(26,829)
Net cash used in operating activities	**(4,018,110)**	(4,206,343)

25. Net cash used in operating activities - Company

	2015	*2014*
	£	*£*
Loss before tax	(995,967)	(1,696,290)
Impairment of investment in subsidiary	-	301,697
Net interest receivable	6,943	(25,097)
Increase in receivables	(6,604,455)	(27,574,364)
Decrease in payables	(12,466)	(63,884)
Cash used in operations	**(7,565,945)**	(29,057,938)
Interest received	249	29,363
Interest paid	(7,192)	(4,266)
Net cash used in operating activities	**(7,572,888)**	(29,032,841)

26. Capital commitments

As at 31 December 2015 the Group had £1,122,186 of outstanding capital commitments (31 December 2014: £9,178,725) for the purchase of property, plant and equipment.

27. Related party transactions

Only members of the Board of Directors of Metals Exploration plc are deemed to be key management personnel. This Board has responsibility for planning, controlling and directing the activities of the Group. Key management compensation is disclosed in Note 6, Directors' emoluments section. Other transactions with key management personnel are described below:

	Number of key management personnel	*Share based payments charge* £
As at 31 December 2015	6	-
As at 31 December 2014	6	-

During the year to 31 December 2015, the Company recognised a provision of £13,199 in respect of a doubtful receivable balance owed by subsidiary company, PT Cupati (2014: £21,275).

During the year, the Company paid £6,566,973 to its subsidiaries to fund operations and purchase property, plant and equipment (2014: £28,437,793). At the year end, the Company was owed £122,149,115 by its subsidiaries (2014: £115,582,091).

During the year, the Company received £nil from Woggle Corporation, (2014: received £207,842). At the year end, the Company owed £59,195 to its associates (2014: owed £59,195).

28. Financial instruments

The Company's financial assets comprise cash & cash equivalents of £2,570,262 (2014: £568,379), and trade and other receivables of £122,728,572 (2014: £116,124,117).

Fair values of commodity forwards are obtained using the "forward versus forward" approach using gold forward prices and discounted at the appropriate London Interbank Offered Rate. Fair value of forward commodity sales contracts for gold sales transactions is provided by the third party banks' derivative team using proprietary forward pricing curves to value commodity contracts.

The carrying values of the Group's financial assets at the year-end are as follows:

Group	***Cash and cash equivalents*** £	***Trade and other receivables*** £	***Derivative assets*** £	***Total*** £
As at 31 December 2015	10,969,449	3,032,071	11,412,135	25,413,655
As at 31 December 2014	12,251,944	2,991,499	4,179,847	19,423,290

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

28. Financial instruments (continued)

The carrying values of the Group's financial liabilities at the year-end are as follows:

Group	*Trade payables*	*Accruals and other payables*	*Loans*	*Derivative liability*	*Total*
	£	£	£	£	£
As at 31 December 2015	3,845,711	944,631	59,581,048	80,386	64,721,776
As at 31 December 2014	2,724,842	1,573,668	27,707,439	162,837	32,168,786

Trade payables, accruals and other payables and loans are measured at amortised cost. Fair value of interest rate swaps is provided by the third party banks' derivative team using interest rate and yield curves observable at commonly quoted intervals.

The Company's financial liabilities comprise trade payables of £84,962 (2014: £90,170), accruals of £59,416 (2014: £87,380), and other payables of £20,707 (2014: £nil).

The Group's operations expose it to a variety of financial risks including liquidity risk, credit risk, foreign currency exchange rate risk and interest rate risk. The policies set by the Board of Directors are implemented by the Group's finance departments and senior management.

Liquidity risk

The Group actively monitors its cash resources to ensure it has sufficient available funds for operations and planned expansions and fund raising activity is timed to meet cash requirements.

The contractual maturities of the financial liabilities at the year-end are as follows:

Group	***Trade and other payables***	***Loans***	***Loan interest***	***Derivative liability***	***Total***
	£	**£**	**£**	**£**	**£**
As at 31 December 2015					
1 – 6 months	4,790,342	11,520,544	3,159,735	-	19,470,621
6 – 12 months	-	10,165,186	1,408,057	-	11,573,243
1 – 2 years	-	18,975,014	1,668,554	-	20,643,568
2 – 5 years	-	18,920,304	2,406,766	80,386	21,407,456
Total contractual cash flows	4,790,342	59,581,048	8,643,112	80,386	73,094,888
As at 31 December 2014					
1 – 6 months	4,298,510	-	-	-	4,298,510
6 – 12 months	-	8,376,668	-	-	8,376,668
1 – 2 years	-	16,753,335	-	-	16,753,335
2 – 5 years	-	2,577,436	-	162,837	2,740,273
Total contractual cash flows	4,298,510	27,707,439	-	162,837	32,168,786

28. Financial instruments (continued)

Company

	Trade and other payables	*Loans*	*Loan interest*	*Derivative liability*	*Total*
	£	*£*	*£*	*£*	*£*
As at 31 December 2015					
1 – 6 months	165,084	-	-	-	165,084
6 – 12 months	-	-	-	-	-
1 – 2 years	-	-	-	-	-
2 – 5 years	-	3,333,771	2,023,800	-	5,357,571
Total contractual cash flows	165,084	3,333,771	2,023,800	-	5,522,655
As at 31 December 2014					
1 – 6 months	177,550	-	-	-	177,550
6 – 12 months	-	-	-	-	-
1 – 2 years	-	-	-	-	-
2 – 5 years	-	-	-	-	-
Total contractual cash flows	177,550	-	-	-	177,550

Credit risk
Credit risk is the risk of financial loss to the Group or Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Group and Company are exposed to credit risk attributable to its cash balances however, this risk is limited because the counterparties are large international banks.

The Group is exposed to credit risk for other receivables due from third parties. This risk is limited because the Group has not yet commenced sales operations. The Group is exposed to credit risk to the extent that amounts owed by the associates may not be recoverable in the future.

The Company is exposed to credit risk to the extent that amounts owed by its subsidiaries may not be recoverable in the future. PT Cupati, a subsidiary based in Indonesia, has incurred inter-company debts which the Group review for impairment each year. During 2015 it incurred debts of £13,199 (2014: £21,275) with Metals Exploration plc and which have been fully provided for in both years.

MTL Philippines, Inc.'s, a subsidiary in the Philippines, additional investment of £nil (2014: £301,697) and debt of £1,300,874 (2014: £1,279,128) with Metals Exploration plc were fully impaired in the Company in 2014 and 2013. MTL Philippines was fully impaired in the Company prior to the investment and provision of impairment being transferred to Metals Exploration Pte Ltd under the corporate reorganisation.

As at 31 December 2015, none of the other receivables were found to be impaired (2014: £nil). No unimpaired other receivables are past due as at 31 December 2015 (2014: £nil).

The maximum exposure to credit risk at the year-end is best represented by the carrying amounts of trade and other receivables, cash and cash equivalents and derivative assets.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2015 (continued)

28. Financial instruments (continued)

Market risk and sensitivity analysis

Interest rate risk
The Group has interest bearing assets comprising cash and cash equivalents which earn interest at a variable rate.

The impact on the reported profit for the year is interest income on cash of £1,028 (2014: £33,400).

The Group has interest bearing liabilities on its overdraft facilities and the impact on the reported profit for the year is an interest expense of £108,878 (2014: £26,829). Interest payable on the loan facility is currently capitalised. The value of interest and bank fees capitalised during the year is £786,656 (2014: £2,225,000).

Foreign currency exchange rate risk
The Group and Company are exposed to foreign currency exchange rate risk due to funds raised in Pounds Sterling but trade payables being predominantly settled in US Dollars and Philippine Pesos. The Group monitors exchange rates actively and converts funds raised to other currencies when deemed appropriate in order to meet expected future foreign currency commitments.

The Group is also exposed to translation risk due to the accounts of the Group's subsidiaries being in different currencies to the Company's. On consolidation, the subsidiary accounts are translated to Pounds Sterling. The impact on the reported net assets at the year-end is a separate reserve of £3,534,689 (2014: £3,352,574).

Market risk and sensitivity analysis (continued)

The company held a number of foreign currency balances at year end. A 5% movement in the exchange rate would have resulted in the following Pound Sterling losses for the year:

Currency	***2015***	*2014*	***2015 GBP loss £m***	*2014 GBP loss £m*
USD	678,224	613,732	(0.02)	(0.02)
AUD	98,624	144,703	-	-
EURO	-	-	-	-
ZAR	-	-	-	-
PHP	-	-	-	-

29. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's long term debt commitments.

The Group is not subject to any externally imposed capital requirements.

30. Contingent liabilities

The Group has no contingent liabilities identified as at 31 December 2015 (2014: £nil).

31. Post balance sheet events

As commercial production were further delayed, to ensure short term funding needs were met, in March 2016 the Company raised £4,300,716 through a direct share placement to certain shareholders.

32. Ultimate controlling party

The Company has no ultimate controlling party.