

METALS EXPLORATION PLC
QUARTERLY UPDATE TO 30 SEPTEMBER 2021

Metals Exploration plc (AIM: MTL) ("Metals Exploration", the "Company" or the "Group"), a Philippine gold producer, is pleased to announce its quarterly results for Q3 2021.

Finance and corporate

- Gold sold during Q3 2021 of 19,197 ounces at an average realised gold price of US\$1,782 per ounce (Q2 2021: 16,429 ounces at an average gold price of US\$1,807 per ounce).
- Gold sales of US\$34.2 million in Q3 2021 (Q2 2021: US\$29.7 million).
- Positive free cash flow of US\$11.2 million in Q3 2021 (Q2 2021: US\$5.5 million).
- Senior debt repaid during Q3 2021 was US\$7.3 million (Q2 2021: US\$8.3 million).
- Net debt as at 30 September 2021 was US\$106.2 million (30 June 2021: US\$111.0 million).

Mining Operations

- No lost time injuries occurred during the period.
- Ore and waste mined for the quarter were below forecast, at 2.64Mt (Q2 2021: 2.66Mt) of which total ore mined was 546kt (Q2 2021: 288kt).
- During the quarter, the resettlement of illegal miners and their infrastructure away from Stages 3 & 4 was significantly advanced. Access development to mine plan Stages 3 & 4 continues to be restricted in some important areas; however, Stage 3 development is proceeding.

Processing Operations

- Gold poured during Q3 2021 of 19,456 ounces (Q2 2021: 16,591 ounces).
- Gold recovery for Q3 2021 was 84.4% (Q2 2021: 80%).

COVID-19 Impacts

- Although the number of COVID-19 cases recorded amongst personnel at the project site increased during the quarter, operations were largely unaffected.
- All infected personnel and their traced close contacts have been/were isolated.
- Typical mining and processing operations continue notwithstanding COVID-19 pandemic impacts.
- COVID-19 vaccine programme of all staff commenced.

Darren Bowden, CEO of Metals Exploration, commented:

"This quarter has continued to produce strong results despite some challenges. We are delighted to have completed mining in Stage 1 and to finally have meaningful access to Stages 3 and 4 with preliminary development work in Stages 3 and 4 advancing satisfactorily. We are also delighted that the design modifications implemented to the flotation circuit are positively impacting with an increase in the consistency of higher gold recovery in this circuit now evident.

"We look forward to continuing to build on this quarter's performance for the remainder of this year and into 2022."

Production and Finance Summary

| Runruno Project Report | | Quarter | Quarter | FY 2021 | FY 2020 |
|--------------------------------------|-------------|-----------|-----------|-----------|-----------|
| FY 2021 | | Actual | Actual | Actual | Actual |
| PHYSICALS | Units | Q3 2021 | Q3 2020 | 9 Months | 9 Months |
| Mining | | | | | |
| Ore Mined | Tonnes | 546,149 | 687,172 | 1,259,892 | 1,812,311 |
| Waste Mined | Tonnes | 2,093,062 | 2,453,508 | 6,630,810 | 6,867,634 |
| Total Mined | Tonnes | 2,639,211 | 3,140,680 | 7,890,702 | 8,679,945 |
| Au Grade Mined | g/tonne | 1.15 | 1.30 | 1.22 | 1.40 |
| Strip Ratio | | 3.60 | 3.57 | 4.92 | 3.79 |
| Processing | | | | | |
| Ore Milled | Tonnes | 551,377 | 490,921 | 1,599,667 | 1,530,727 |
| Au Grade | g/tonne | 1.30 | 1.39 | 1.30 | 1.39 |
| S ₂ Grade | % | 0.75 | 1.16 | 0.99 | 1.24 |
| Au Milled (contained) | Ounces | 23,060 | 22,013 | 66,688 | 68,622 |
| Recovery | % | 84.4 | 71.3 | 82.1 | 69.4 |
| Au Recovered/Poured | Ounces | 19,456 | 15,705 | 54,771 | 47,645 |
| Sales | | | | | |
| Au Sold | Ounces | 19,197 | 16,094 | 53,942 | 48,215 |
| Au Price | US\$/oz | 1,782 | 1,943 | 1,792 | 1,746 |
| FINANCIALS (Unaudited) | | | | | |
| Revenue | | | | | |
| Gold Sales | (US\$000's) | 34,208 | 31,271 | 96,648 | 84,162 |
| Operating Costs - Summary | | | | | |
| Mining | (US\$000's) | 6,230 | 5,466 | 18,180 | 15,214 |
| Processing | (US\$000's) | 7,539 | 7,763 | 22,902 | 22,523 |
| G&A | (US\$000's) | 2,619 | 2,733 | 8,167 | 8,297 |
| Total Operating Costs | (US\$000's) | 16,388 | 15,962 | 49,248 | 46,034 |
| Excise Duty | (US\$000's) | 1,364 | 1,265 | 3,905 | 3,392 |
| UK/Philippine G&A | (US\$000's) | 1,129 | 2,156 | 4,625 | 5,221 |
| Total Direct Production Costs | (US\$000's) | 18,881 | 19,383 | 57,778 | 54,647 |
| Net Cash Income | (US\$000's) | 15,328 | 11,888 | 38,870 | 29,516 |
| Total Capital Costs | (US\$000's) | 4,161 | 3,226 | 10,714 | 9,643 |
| Total non-cash costs | (US\$000's) | 6,557 | 4,317 | 14,464 | 12,719 |
| Free Cashflow | (US\$000's) | 11,167 | 8,663 | 28,156 | 19,873 |
| Cash Cost / oz Sold - C1 | US\$/oz | 967 | 979 | 954 | 947 |
| Cash Cost / oz Sold - AISC | US\$/oz | 1,314 | 1,383 | 1,311 | 1,314 |

Note: AISC includes all UK Corporate costs.

Review of Operations

The Philippines continues to suffer from a relatively high number of positive COVID-19 cases. Importantly, however, the Company has been able to commence the Company funded vaccination programme with the aims to have all employees and contractors double vaccinated as soon as possible.

Although the Company-funded vaccination programme commenced during Q3 2021, in excess of 50 positive COVID-19 cases were detected on the Project site during Q3 2021. The Company's responses have been reported to the appropriate government agencies, and the Company continues to be compliant with all relevant government directives regarding COVID-19.

The recent increase in on-site COVID-19 positive cases does not appear to have impacted operations significantly. The main operational disruption from the COVID-19 pandemic continues to be the ongoing and regularly changing restrictions on the movement of people in and out of the country, increases in the cost of production inputs and supply delays. The unpredictability of international travel brought about by the changing nature of the COVID-19 pandemic continues to challenge the Company's ability to maintain its senior ex-pat management on-site roster, while the cost of reagents and fuel are negatively impacting the operating surplus.

Notwithstanding the above issues, Q3 2021 resulted in gold sales of US\$34.2 million (Q2 2021: US\$29.7 million), at an average realised gold price of US\$1,792 per ounce (Q2 2021: average gold price of US\$1,807 per ounce); producing a positive free cash flow of US\$11.2 million (Q2 2021: US\$5.5 million).

During Q3 2021 a total of US\$7.3 million (Q2 2021: US\$8.3 million) in debt repayments were made, bringing the net Group debt position as at 30 September 2021 to US\$106.2 million (Q2 2021: US\$111.0 million).

Mining Operations

Mining production of ore and waste for Q3 2021 was below forecast at 2.64Mt (Q2 2021: 2.66Mt), and the total ore mined for Q3 2021 of 546Kt (Q2 2021: 288kt). Total material movement has been negatively impacted by reliability issues with the Company's equipment fleet. Longer than normal delays in sourcing certain essential replacement parts continue to impact this area.

Mining in Stage 1 was completed during Q3 2021, and waste backfill into this area has commenced.

Notwithstanding continued delays in completing the resettlement of the illegal miners from Stages 3 and 4 of the Project site, the new access road to mine plan Stages 3 and 4 has been completed, and preliminary development work in Stages 3 and 4 has commenced. Although the Company does not have full access to these areas, negatively impacting the Company's mining schedule, the programme of infill resource and mine plan drilling is underway in mine plan Stages 3 and 4. The Company continues to work diligently with the local authorities to complete the removal and resettlement of all illegal miners in these areas.

Process Plant

Throughput for Q3 2021 was 551kt (Q2 2021: 512kt). Gold production for Q3 2021 was 19,456 ounces at a recovery rate of 84.4% (Q2 2021: 16,591 ounces at a recovery rate of 80.0%). Ongoing delays in accessing mine plan Stages 3 and 4 continue to affect the head grade with higher grade material from Stage 3 now not scheduled to be accessed until Q1 2022.

During the quarter, a major shutdown was undertaken to install the 4th blower to the BIOX circuit. Unplanned downtime consisted mainly of tails line failures and conveyor belt, crusher and pump repairs.

Implementation of minor design modifications to the flotation circuit continues; and an increase in the consistency of higher gold recovery in this circuit is now evident.

Residual Storage Impoundment ("RSI")

RSI construction continues with the dam water freeboard level well above design levels. Studies into designing the RSI final in-rock spillway have determined the optimal design and detailed planning is underway.

Occupational Health & Safety

Runruno continues to record an exceptional safety record with over 15 million man hours without a reportable injury as at the date of this report.

Environment and Compliance

Compliance matters continue to be successfully monitored and the mine remains compliant, with no outstanding material issues.

Community & Government Relations

The Company, in conjunction with relevant government agencies, continues in its efforts to complete the removal of the remaining illegal miners, including their infrastructure and dwellings, from those areas scheduled to be mined as part of mine plan Stages 3 and 4. As at the date of this report over 700 occupants have been safely relocated without incident. Further actions in relation to access development and the resettlement activities will be made in the forthcoming quarters.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014, which forms part of United Kingdom domestic law by virtue of the European (Withdrawal) Act 2018. Upon the publication of this Announcement, this inside information is now considered to be in the public domain.

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For further information please visit or contact www.metalsexploration.com

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Competent Person's Statement

Mr Darren Bowden, a director of the Company, a Member of the Australasian Institute of Mining and Metallurgy and who has been involved in the mining industry for more than 25 years, has compiled, read and approved the technical disclosure in this regulatory announcement in accordance with the AIM Rules - Note for Mining and Oil & Gas Companies.

Forward Looking Statements

Certain statements relating to the estimated or expected future production, operating results, cash flows and costs and financial condition of Metals Explorations, planned work at the Company's projects and the expected results of such work contained herein are forward-looking statements which are based on current expectations, estimates and projections about the potential returns of the Group, industry and markets in which the Group operates in, the Directors'

beliefs and assumptions made by the Directors. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: "expects", "plans", "anticipates", "forecasts", "believes", "intends", "estimates", "projects", "assumes", "potential" or variations of such words and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur. Information concerning exploration results and mineral reserve and resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed.

These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties and assumptions that are difficult to predict, qualify or quantify. Among the factors that could cause actual results or projections to differ materially include, without limitation: uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfil projections/expectations and realize the perceived potential of the Company's projects; uncertainties involved in the interpretation of drilling results and other tests and the estimation of gold reserves and resources; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of environmental issues at the Company's projects; the possibility of cost overruns or unanticipated expenses in work programs; the need to obtain permits and comply with environmental laws and regulations and other government requirements; fluctuations in the price of gold and other risks and uncertainties.

The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.