

**METALS EXPLORATION PLC**  
**QUARTERLY UPDATE TO 31 MARCH 2022**

Metals Exploration plc (AIM: MTL) ("Metals Exploration", the "Company" or the "Group"), a gold producer in the Philippines, is pleased to announce its quarterly results for Q1 2022.

**Finance and corporate**

- Gold sold during Q1 2022 of 15,685 ounces at an average realised gold price of US\$1,898 per ounce (Q4 2021: 18,505 ounces at an average gold price of US\$1,794 per ounce).
- Gold sales of US\$29.8 million in Q1 2022 (Q4 2021: US\$33.2 million).
- Positive free cash flow of US\$8.2 million in Q1 2022 (Q4 2021: US\$10.1 million).
- Senior debt repaid during Q1 2022 of US\$12.0 million (Q4 2021: US\$11.8 million).
- Senior debt outstanding as at 31 March 2022 was US\$12.9 million (31 December 2021: US\$24.6 million).
- Net debt as at 31 March 2022 was US\$94.2 million (31 December 2021: US\$98.9 million).

**Mining Operations**

- No lost time injuries occurred during the period, with over 16 million hours worked without a reportable injury.
- Ore mined increased for the quarter to 779kt (Q4 2021: 637kt) with waste mined at 3.15Mt (Q4 2021: 2.24Mt).

**Processing Operations**

- Gold recovered during Q1 2022 of 14,819 ounces (Q4 2021: 18,435 ounces) - mainly attributable to a lower head grade of 1.02g/t (Q4 2021: 1.15g/t).
- Gold recovery for Q1 2022 was 89.0% (Q4 2021: 89.0%).

**COVID-19 Impacts**

- Reducing number of COVID-19 cases being recorded amongst personnel at the project site with operations continuing to be largely unaffected.
- All infected personnel and their traced close contacts have been/were isolated.
- COVID-19 vaccine programme well advanced, with over 95% of all employees having had at least two vaccination doses.

**Darren Bowden, CEO of Metals Exploration, commented:**

*"This was another strong quarter for the Company. Mining production of ore and waste was above forecast at 3.96Mt, with a total 779Kt of ore mined, whilst the gold recovered numbers were impacted by a lower head grade, we continue to achieve excellent gold recovery levels. We are also delighted to have continued to accelerate the payment of our debt and are on track to repay our Senior Debt in full in Q4 2022. This achievement will strengthen our financial position.*

*This strong performance was yet again achieved against the backdrop of our continued focus on safety and the well-being of our staff. It is a testament to our staff for the way that they have continued to work and behave, that the project has been largely unaffected by COVID-19 in the quarter and that we have now reached 16 million man hours worked without a reportable injury. This is an excellent performance which we aim to continue.*

*We are well set to continue to deliver our planned strategy for the coming year and I look forward to providing further updates in due course."*

## Production and Finance Summary

Runruno Project Report		Quarter	Quarter	FY 2022	FY 2021
FY 2022		Actual	Actual	Actual	Actual
PHYSICALS	Units	Q1 2022	Q1 2021	3 Months	3 Months
<b>Mining</b>					
Ore Mined	Tonnes	779,299	422,895	779,299	422,895
Waste Mined	Tonnes	3,151,787	2,013,001	3,151,787	2,013,001
Total Mined	Tonnes	3,963,735	2,435,896	3,963,735	2,435,896
Au Grade Mined	g/tonne	1.05	1.39	1.05	1.39
Strip Ratio		3.96	4.53	3.96	4.53
<b>Processing</b>					
Ore Milled	Tonnes	507,044	536,754	507,044	536,754
Au Grade	g/tonne	1.02	1.33	1.02	1.33
S <sub>2</sub> Grade	%	0.86	1.06	0.86	1.06
Au Milled (contained)	Ounces	16,655	22,875	16,655	22,875
Recovery	%	89.0	81.9	89.0	81.9
Au Recovered/Poured	Ounces	14,819	18,725	14,819	18,725
<b>Sales</b>					
Au Sold	Ounces	15,685	18,316	15,685	18,316
Au Price	US\$/oz	1,898	1,788	1,898	1,788
<b>FINANCIALS (Unaudited)</b>					
<b>Revenue</b>					
Gold Sales	(US\$000's)	29,773	32,757	29,773	32,757
<b>Operating Costs - Summary</b>					
Mining	(US\$000's)	6,335	5,535	6,335	5,535
Processing	(US\$000's)	7,370	7,486	7,370	7,486
G&A	(US\$000's)	2,700	2,911	2,700	2,911
<b>Total Operating Costs</b>	(US\$000's)	16,405	15,932	16,405	15,932
Excise Duty	(US\$000's)	1,217	1,350	1,217	1,350
UK/Philippine G&A	(US\$000's)	1,682	1,599	1,682	1,599
<b>Total Direct Production Costs</b>	(US\$000's)	19,304	18,881	19,304	18,881
<b>Net Cash Income</b>	(US\$000's)	10,469	13,877	10,469	13,877
<b>Total Capital Costs</b>	(US\$000's)	2,263	2,345	2,263	2,345
<b>Total non-cash costs</b>	(US\$000's)	4,673	4,324	4,673	4,324
<b>Free Cashflow</b>	(US\$000's)	8,206	11,532	8,206	11,532
<b>Cash Cost / oz Sold - C1</b>	US\$/oz	982	886	982	886
<b>Cash Cost / oz Sold - AISC</b>	US\$/oz	1,311	1,175	1,311	1,175

Note: AISC includes all UK Corporate costs.

### Review of Operations

Although some positive cases of COVID-19 continue to be reported on-site, these positive cases did not impact operations significantly.

Gold sales for Q1 2022 were US\$29.8 million (Q4 2021: US\$33.2 million), at an average realised gold price of US\$1,898 per ounce (Q4 2021: average gold price of US\$1,794 per ounce); producing a positive free cash flow of US\$8.2 million (Q4 2021: US\$10.1 million).

During Q1 2022, debt repayments of US\$12.0 million (Q4 2021: US\$11.8 million) were made. The net Group debt position as at 31 March 2022 was US\$94.2 million (Q4 2021: US\$98.9 million). Cash holdings at 31 March 2022 were \$0.7million (31 December 2021: \$4.7 million).

### ***Mining Operations***

Mining production of ore and waste for Q1 2022 was above forecast at 3.96Mt (Q4 2021: 2.88Mt), with a total of 779Kt of ore mined in Q1 2022 (Q4 2021: 637kt).

Back-fill of waste into Stage 1 was well underway which allowed for shorter waste haul distances while Stage 3 development continues.

Although the removal and resettlement of illegal miners from Stages 3 and 4 of the Project site is largely complete, full access to Stage 3 has not yet been achieved. Despite several court orders in the Company's favour, access to a key area of Stage 3 has not yet been achieved. This delay has resulted in changes to the Company mine plan such that higher grade material in Stage 3 is now not scheduled for mining until Q4 2022.

### ***Process Plant***

Throughput for Q1 2022 was 507kt (Q4 2021: 537kt). Gold production for Q1 2022 was 14,819 ounces at a recovery rate of 89.0% (Q4 2021: 18,435 ounces at a recovery rate of 89.0%). The lower quarter production was attributable to a lower head grade of 1.02g/t (Q4 2021: 1.15g/t).

A series of power failures on 23 March 2022 contributed to a failure of the BIOX bacteria culture with the resultant loss of production for the last week of the quarter. Difficulties were experienced in re-establishing a stable bacteria culture in BIOX due to an as yet unknown contaminant that developed in the return water sources that were being used to feed the BIOX circuit. These events resulted in the BIOX circuit being down approximately three weeks.

Further unplanned downtime during the quarter resulted from tails line failures and conveyor belt and return water line repairs. A major upgrade to the process plant return water and cooling systems is underway. Once completed the ability to control BIOX temperature will be enhanced with further production gains in BIOX an expected result.

### ***Residual Storage Impoundment ("RSI")***

Work has commenced on the final RSI dam-wall raise. Dam water freeboard remains well above design minimum levels. Detailed planning of the RSI final in-rock spillway is underway.

### ***Occupational Health & Safety***

Runruno continues to record an exceptional safety record with over 16 million hours worked without a reportable injury as at the date of this announcement.

### ***Environment and Compliance***

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

## **Community & Government Relations**

In conjunction with relevant government agencies, the Company continues in its efforts to complete the removal of the few remaining illegal miners, including their infrastructure and dwellings, from those areas scheduled to be mined as part of mine plan Stages 3 and 4.

*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 Union (Withdrawal) Act 2018 (as amended). 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](http://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.*