

METALS EXPLORATION PLC

QUARTERLY UPDATE TO 30 SEPTEMBER 2023

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 Q3 2023.

Finance and corporate

- Gold revenue of US\$42.4 million (Q2 2023: US\$49.1 million).
- Gold sales of 22,043 ounces sold at an average realised gold price of US\$1,926 per ounce (Q2 2023: 24,744 ounces at an average US\$1,984 per ounce).
- Positive free cash flow of US\$19.0 million (Q2 2023: US\$24.1 million).
- Elevation of mezzanine debt to secured status is progressing to execution stage, however uncertainty remains over the interest rate, as well as the date of its application, which will be applied to the outstanding loan in the period prior to completion of the elevation.
- Mezzanine debt repayments of US\$18.5 million (Q2 2023: US\$20.7 million).
- Net debt as at 30 September 2023 was US\$30.6 million (30 June 2023: US\$48.3 million).

Mining Operations

- No lost time injuries occurred during the period - over 20 million hours worked without a reportable injury.
- Mining production of ore and waste was above forecast at 3.30Mt (Q2 2023: 3.49Mt), with a total of 568Kt of ore mined in Q3 2023 (Q2 2023: 566Kt).

Processing Operations

- Gold production of 22,034 ounces (Q2 2023: 24,235 ounces) recovered from 483Kt at a head grade of 1.60g/t (Q2 2023: 522Kt at a head grade of 1.66g/t).
- Gold recovery of 88.7% (Q2 2023: 86.9%).

Darren Bowden, CEO of Metals Exploration, commented:

"This has been another very strong operational quarter at Runruno with mining production above forecast with excellent gold recovery in our processing operations. Although a lower head grade is expected in the remaining quarter of the year we look forward to a strong finish to the year; whilst maintaining focus on our exceptional health and safety standards. I would also like to congratulate the team for being nominated as the Philippines national representative in the Association of Southeast Asian Nations ("ASEAN") mining industry awards in both the mining and processing categories; and further being shortlisted in the final three candidates in both categories."

Production and Finance Summary

Runruno Project Report		Quarter	Quarter	FY 2023	FY 2022
FY 2023		Actual	Actual	Actual	Actual
PHYSICALS	Units	Q3 2023	Q3 2022	9 Months	9 Months
Mining					
Ore Mined	Tonnes	567,816	380,071	1,415,839	1,669,194
Waste Mined	Tonnes	2,731,344	3,264,442	8,117,273	7,212,607
Total Mined	Tonnes	3,299,160	3,644,513	9,533,112	8,881,802
Au Grade Mined	g/tonne	1.49	1.49	1.55	1.19
Strip Ratio		4.48	8.57	5.43	45.24
Processing					
Ore Milled	Tonnes	482,743	455,907	1,551,133	1,473,165
Au Grade	g/tonne	1.60	1.26	1.51	1.15
S ₂ Grade	%	1.46	1.80	1.43	1.23
Au Milled (contained)	Ounces	24,850	18,541	75,551	54,283
Recovery	%	88.7	84.8	89.4	86.7
Au Recovered/Poured	Ounces	22,034	15,715	67,568	47,063
Sales					
Au Sold	Ounces	22,043	14,980	68,230	45,641
Au Price	US\$/oz	1,926	1,714	1,935	1,825
FINANCIALS (Unaudited)					
Revenue					
Gold Sales	(US\$000's)	42,448	25,676	131,999	83,298
Operating Costs - Summary					
Mining	(US\$000's)	5,280	5,907	15,747	19,214
Processing	(US\$000's)	8,322	7,675	26,135	21,971
G&A	(US\$000's)	2,816	2,557	8,718	7,873
Total Operating Costs	(US\$000's)	16,419	16,139	50,599	49,059
Excise Duty	(US\$000's)	1,708	1,045	5,318	3,362
UK/Philippine G&A	(US\$000's)	2,180	1,684	6,841	6,467
Total Direct Production Costs	(US\$000's)	20,307	18,869	62,658	58,888
Net Cash Income	(US\$000's)	22,141	6,807	69,241	24,410
Total Capital Costs	(US\$000's)	3,150	2,634	8,357	6,672
Total non-cash costs	(US\$000's)	6,340	4,030	21,704	11,712
Free Cashflow	(US\$000's)	18,991	4,173	60,885	17,737
Cash Cost / oz Sold - C1	US\$/oz	736	989	792	970
Cash Cost / oz Sold - AISC	US\$/oz	1,055	1,347	1,092	1,332

Note: AISC includes all UK Corporate costs.

Review of Operations

Q3 2023 operations produced another strong quarter result for the Company. Gold sales for Q3 2023 were US\$42.4 million (Q2 2023: US\$49.1 million), at an average realised gold price of US\$1,926 per ounce (Q2 2023: average realised gold price of US\$1,984 per ounce); producing a positive free cash flow of US\$19.0 million (Q2 2023: US\$24.1 million).

Finance

The process of elevating the status of the mezzanine loans to that of secured debt continues and the process of executing the relevant documents is expected to be completed during Q4 2023.

As previously advised, the October 2020 debt restructuring agreements envisage the interest rate applicable to the mezzanine debt being reduced from 15% to 7% once the senior debt is repaid and the elevation of the mezzanine debt to "new" senior debt is complete.

The majority mezzanine lender, MTL Luxemburg (Nick Candy's investment vehicle holding 70.7% of the mezzanine debt), has confirmed in writing that, subject to completion of the elevation documents within a reasonable period, the interest rate on its portion of the mezzanine debt will reduce to 7% per annum from 15% per annum as from 3 November 2022 (being the date that the Company could have fully repaid the Senior Facility, but for the requirements of the elevation).

The minority 29.3% mezzanine lender, the RHL Group, has not confirmed the same in writing. However, the Company is hopeful the RHL Group will apply the 7% interest rate from 3 November 2022 and that this will be formalised once the elevation documents are completed.

Total mezzanine debt payments of US\$18.5 million were made during Q3 2023 (Q2 2023: US\$20.7 million).

The net debt position of the Group as at 30 September 2023 was US\$30.6 million (30 June 2023: US\$48.3 million). Cash holdings as at 30 September 2023 were US\$0.9 million (30 June 2023: US\$1.0 million).

Mining Operations

Mining production of ore and waste for Q3 2023 was above forecast at 3.30Mt (Q2 2023: 3.49Mt), with a total of 568Kt of ore mined in Q3 2023 (Q2 2023: 566kt).

An additional six drill holes are planned to complete the exploration programme in Stages 4 and 5, undertaken with the objective of identifying new gold resources both in and near-to the current pit-shell design. To date, this drilling has not produced any material gold discoveries significantly reducing the potential for life of mine extensions.

Process Plant

During Q3 2023, most aspects of the process plant performed adequately, although BIOX continues to under-perform, however ongoing engineering improvements to the cooling circuits within the BIOX process are expected to deliver a sustained increase in performance.

Gold produced during Q3 2023 was 22,034 ounces for the quarter (Q2 2023: 24,235 ounces). Throughput for Q3 2023 was 483Kt at a head grade of 1.60g/t (Q2 2023: 522Kt at a head grade of 1.66g/t) and had a recovery rate of 88.7% (Q2 2023: 86.9%). The expectation is that, in Q4 2023, the trend of decreasing head grade is set to continue.

Planned downtime included scheduled maintenance on the SAG mill, while unplanned downtime consisted mainly of repairs to tails lines, tails line pump change overs and temporary BIOX failure due to power outages.

Residual Storage Impoundment ("RSI")

The RSI dam-wall is at its final height and the dam water freeboard remains well above design minimum levels. Earthworks for the construction of the RSI final in-rock spillway are well advanced and continuing.

Occupational Health & Safety

Runruno continues to record an exceptional safety record with over 20 million hours worked without a lost-time 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

The Company continues to receive strong support from local communities and government agencies. The operations have been nominated for several government industry awards which will be awarded before the end of the year.

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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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.