

# METALS EXPLORATION PLC

## QUARTERLY UPDATE TO 31 DECEMBER 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 Q4 2023.

### ***Finance and corporate***

- Record annual gold revenue of US\$166.7 million (FY2022: US\$124.4 million).
- Record annual gold sales of 85,744 ounces sold at an average realised gold price of US\$1,944 per ounce (FY2022: 69,249 ounces at an average US\$1,797 per ounce).
- Record annual positive free cash flow of US\$72.3 million (FY2022: US\$35.7 million).
- Q4 2023 gold revenue of US\$34.7 million (Q3 2023: US\$42.4 million).
- Q4 2023 gold sales of 17,514 ounces sold at an average realised gold price of US\$1,980 per ounce (Q3 2023: 22,034 ounces at an average US\$1,926 per ounce).
- Q4 2023 positive free cash flow of US\$11.5 million (Q3 2023: US\$19.0 million).
- Elevation of mezzanine debt to secured status remains outstanding for the determination of the interest rate which will be applied to the outstanding loan in the period prior to completion of the elevation, as well as the date of its application.
- Mezzanine debt repayments of US\$11.5 million (Q3 2023: US\$18.5 million).
- Net debt as at 31 December 2023 was US\$19.9 million (30 September 2023: US\$30.6 million).
- Post period end the Company announced the acquisition (subject to shareholder and lender approval) of an extensive exploration tenement in the prospective Abra area of the Philippines.

### ***Mining Operations***

- No lost time injuries occurred during the period – over 21 million hours worked without a reportable injury.
- Annual mining production of ore and waste was above forecast at 12.36Mt (FY2022: 13.72Mt), with a total of 1.95Mt of ore mined in FY2023 (FY2022: 2.29Mt).
- Q4 2023 mining production of ore and waste was slightly below forecast at 2.83Mt (Q3 2023: 3.30Mt), with a total of 534Kt of ore mined in Q4 2023 (Q3 2023: 568Kt).
- Received several government and industry awards in recognition of outstanding levels of dedication, initiatives and innovations in the pursuit of excellence in environmental protection, safety and health, management and social/community development.

### ***Processing Operations***

- Record annual gold production of 85,194 ounces (FY2022: 72,537 ounces) recovered from 2.10Mt at a head grade of 1.42g/t (FY2022: 2.07Mt at a head grade of 1.27g/t).
- Q4 2023 gold production of 17,626 ounces (Q3 2023: 22,034 ounces) recovered from 553Kt at a head grade of 1.15g/t (Q3 2023: 483Kt at a head grade of 1.60g/t).
- FY2023 gold recovery of 88.7% (FY2022: 85.7%); Q4 2023 gold recovery of 85.9% (Q3 2023: 88.7%).

### ***FY2023/FY2024 Production Guidance***

- FY2023 gold production of 85,194 ounces exceeded the revised FY2023 upper guidance forecast of 81,000 ounces at an AISC of US\$1,126 per ounce which was slightly above the FY2023 lower guidance forecast of US\$1,120 per ounce.
- FY2024 gold production forecast: 74,000 – 80,000 ounces.
- FY2024 AISC forecast: US\$1,175 – US\$1,275 per ounce.

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

*“This was another very strong quarter for MTL, leading us to achieve record annual gold revenues and production, exceeding the upper production guidance of our revised 2023 forecasts. Throughout the year, we also maintained our excellent safety record while delivering higher gold recovery levels and strong cash flows, which have enabled us to continue to further deleverage the Company.*

*“We were also delighted to announce, post the year end, the first steps of delivering our strategy to grow MTL within the Philippines, and ultimately the broader region, through the conditional acquisition of the Abra Tenement. The Abra tenement is an extensive exploration tenement covering some 16,200 hectares with multiple prospective targets in both gold and copper. We believe this project has the potential to provide us with an extensive future project growth pipeline.*

*“The Company is in an excellent position as it enters the new year. Runruno continues to deliver safe, strong performances and provide a solid platform from which to grow as we look to add further assets to our portfolio to deliver our strategy and value to shareholders.*

*“We look forward to providing further updates on our progress in the coming months.”*

## Production and Finance Summary

Runruno Project Report FY 2023		Quarter	Quarter	FY 2023	FY 2022
		Actual	Actual	Actual	Actual
PHYSICALS	Units	Q4 2023	Q4 2022	12 Months	12 Months
<b>Mining</b>					
Ore Mined	Tonnes	533,815	623,245	1,949,654	2,292,439
Waste Mined	Tonnes	2,295,472	2,484,760	10,412,735	11,422,847
Total Mined	Tonnes	2,829,287	3,108,004	12,362,398	13,715,286
Au Grade Mined	g/tonne	1.27	1.65	1.47	1.31
Strip Ratio		3.99	3.95	5.03	4.89
<b>Processing</b>					
Ore Milled	Tonnes	533,074	594,866	2,104,207	2,068,031
Au Grade	g/tonne	1.15	1.59	1.42	1.27
S <sub>2</sub> Grade	%	1.18	1.68	1.36	1.36
Au Milled (contained)	Ounces	20,517	30,394	96,068	84,677
Recovery	%	85.9	83.8	88.7	85.7
Au Recovered/Poured	Ounces	17,626	25,474	85,194	72,537
<b>Sales</b>					
Au Sold	Ounces	17,514	23,608	85,744	69,249
Au Price	US\$/oz	1,980	1,742	1,944	1,797
<b>FINANCIALS (Unaudited)</b>					
<b>Revenue</b>					
Gold Sales	(US\$000's)	34,684	41,113	166,683	124,411
<b>Operating Costs – Summary</b>					
Mining	(US\$000's)	5,172	5,972	20,919	25,186
Processing	(US\$000's)	8,591	9,491	34,725	31,462
G&A	(US\$000's)	2,992	2,486	11,709	10,359
<b>Total Operating Costs</b>	(US\$000's)	16,755	17,948	67,354	67,007
Excise Duty	(US\$000's)	1,392	1,661	6,710	5,023
UK/Philippine G&A	(US\$000's)	2,384	1,824	9,225	8,291
<b>Total Direct Production Costs</b>	(US\$000's)	20,531	21,433	83,289	80,321
<b>Net Cash Income</b>	(US\$000's)	14,153	19,680	83,394	44,090
<b>Total Capital Costs</b>	(US\$000's)	2,695	1,669	11,051	8,341
<b>Total non-cash costs</b>	(US\$000's)	5,468	7,620	27,172	19,332
<b>Free Cashflow</b>	(US\$000's)	11,457	18,011	72,343	35,748
<b>Cash Cost / oz Sold – C1</b>	US\$/oz	890	829	812	922
<b>Cash Cost / oz Sold – AISC</b>	US\$/oz	1,260	1,047	1,126	1,235

Note: AISC includes all UK Corporate costs.

## **Review of Operations**

### **Project Acquisition**

Since the period end, the Company announced the acquisition (subject to shareholder and lender approval) of an extensive exploration tenement in the prospective Abra area of the Philippines, covering 16,200 hectares, which is approximately 200km north of the Company's Runruno mine. For further details on the proposed acquisition, please refer to the 12 January 2024 announcement.

### **Runruno operations**

FY2023 operations achieved record gold production of 85,194 ounces, which exceeded the revised FY2023 upper guidance forecast of 81,000 ounces at an AISC of US\$1,126 per ounce, which was just above the FY2023 lower guidance forecast of US\$1,120 per ounce. This led to record annual gold revenue of US\$166.7 million, record annual gold sales of 85,744 ounces, at an average realised gold price of US\$1,944 per ounce, and record annual positive free cash flow of US\$72.3 million.

Q4 2023 operations produced another strong quarter result for the Company, notwithstanding lower head grades. Gold sales for Q4 2023 were US\$34.7 million (Q3 2023: US\$42.4 million), at an average realised gold price of US\$1,980 per ounce (Q3 2023: average gold price of US\$1,926 per ounce); producing a positive free cash flow of US\$11.5 million (Q3 2023: US\$19.0 million).

### **Finance**

The process of elevating the status of the mezzanine loans to that of secured debt continues.

As previously announced, 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 debt 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\$11.5 million were made during Q4 2023 (Q3 2023: US\$18.5 million).

The net debt position of the Group as at 31 December 2023 was US\$19.9 million (Q3 2023: US\$30.6 million). Cash holdings at 31 December 2023 were US\$0.9 million (30 September 2023: US\$0.9 million).

### **Mining Operations**

Extended wet weather periods resulted in mining production of ore and waste for Q4 2023 being slightly below forecast at 2.83Mt (Q3 2023: 3.49Mt), with a total of 534Kt of ore mined in Q4 2023 (Q3 2023: 566kt). Mining activities were also impacted from encountering illegal miners unmapped old underground workings.

The exploration drill 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, was completed with no material gold discoveries that have the potential for a significant increase in the projected life of mine.

### **Process Plant**

During Q4 2023 most aspects of the process plant performed adequately, although a combination of low head grade and high sulphur resulted in lower recoveries.

Gold produced during Q4 2023 was 17,626 ounces (Q3 2023: 22,034 ounces). Throughput for Q4 2023 was 533Kt (Q3 2023: 483Kt) at a recovery rate of 85.9% (Q3 2023: 88.7%).

Planned downtime included scheduled maintenance to replace the SAG mill liners. Unplanned downtime consisted mainly of repairs to the SAG mill girth gear and pinion and to tails lines.

### **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 21 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, receiving several government and industry awards. Please refer to the 11 December 2023 announcement.

*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:

<b>Metals Exploration PLC</b>	
Via Tavistock Communications Limited	+44 (0) 207 920 3150
<b>Nominated &amp; Financial Adviser:</b>	<b>STRAND HANSON LIMITED</b>
James Spinney, James Dance, Rob Patrick	+44 (0) 207 409 3494
<b>Financial Adviser &amp; Broker:</b>	<b>HANNAM &amp; PARTNERS</b>
Matt Hasson, Franck Nganou	+44 (0) 207 907 8500
<b>Public Relations:</b>	<b>TAVISTOCK COMMUNICATIONS LIMITED</b>
Jos Simson, Nick Elwes	+44 (0) 207 920 3150

Web: [www.metalsexploration.com](http://www.metalsexploration.com)

Twitter: [@MTLexploration](https://twitter.com/MTLexploration)

LinkedIn: [Metals Exploration](https://www.linkedin.com/company/metals-exploration)

**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.*