

METALS EXPLORATION PLC

QUARTERLY UPDATE TO 31 March 2024

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 2024.

Finance and Corporate

- Q1 2024 gold revenue of US\$44.4 million (Q4 2023: US\$34.7 million).
- Q1 2024 gold sales of 21,465 ounces sold at an average realised gold price of US\$2,069 per ounce (Q4 2023: 17,514 ounces at an average US\$1,980 per ounce).
- Q1 2024 positive free cash flow of US\$21.6 million (Q4 2023: US\$11.5 million).
- Mezzanine debt fully repaid by quarter end (subject to resolution of interest dispute noted below).
- Debt repayments of US\$21.0 million (Q4 2023: US\$11.5 million).
- Acquisition of an extensive exploration tenement in the prospective Abra area of the Philippines (subject to shareholder and lender approval).
- Appointment of Nick von Schirnding as Independent Non-Executive Chairman.

Mining Operations

- No lost time injuries occurred during the period – over 22 million hours worked without a reportable injury.
- Q1 2024 mining production of ore and waste was above forecast at 3.31Mt (Q4 2023: 2.83Mt), with a total of 678Kt of ore mined in Q1 2024 (Q4 2023: 534Kt).

Processing Operations

- Q1 2024 gold production of 23,006 ounces (Q4 2023: 17,626 ounces) recovered from 581Kt at a head grade of 1.35g/t (Q4 2023: 553Kt at a head grade of 1.15g/t).
- Q1 2024 gold recovery of 90.0% (Q4 2023: 85.9%).

Darren Bowden, CEO of Metals Exploration, commented:

“The first quarter of the year has continued to see a strong performance at Runruno. Production was above forecast with excellent gold sales and continued high average recovery rates at 90%.

Whilst Runruno has continued to perform strongly, the first quarter of the year has seen two highly significant corporate events. Firstly, we announced our first Board approved acquisition, the proposed acquisition of the YMC Group; the first step in delivering our strategy of growing MTL within the Philippines and ultimately the broader region, evolving to a new future for the Company.

The second event relates to the repayment of the Group's mezzanine facilities. The interest dispute with the RHL Group is frustrating and we hope it can quickly be resolved to everyone's satisfaction. Since restructuring the debt in October 2020, the Group has made US\$171.3 million in debt repayments. This is an outstanding achievement in such a short time and is a testament to the team's ability to deliver such a sustained strong performance from Runruno. This will considerably strengthen our balance sheet in the future and enable us to drive forward the growth of the business.

Finally, as we welcome our new independent chairman Nick von Schirnding to the board, the Company is very well set for the year ahead and we look forward to providing further updates on our progress in the coming months.”

Production and Finance Summary

Runruno Project Report		Quarter	Quarter	FY 2024	FY 2023
FY 2024		Actual	Actual	Actual	Actual
PHYSICALS	Units	Q1 2024	Q1 2023	3 Months	3 Months
Mining					
Ore Mined	Tonnes	677,663	282,256	677,663	282,256
Waste Mined	Tonnes	2,630,225	2,457,153	2,630,225	2,457,153
Total Mined	Tonnes	3,307,888	2,739,409	3,307,888	2,739,409
Au Grade Mined	g/tonne	1.35	1.53	1.35	1.53
Strip Ratio		3.99	8.17	3.99	8.17
Processing					
Ore Milled	Tonnes	580,719	546,083	580,719	546,083
Au Grade	g/tonne	1.37	1.30	1.37	1.30
S ₂ Grade	%	1.41	1.28	1.41	1.28
Au Milled (contained)	Ounces	25,574	22,806	25,574	22,806
Recovery	%	90.0	93.4	90.0	93.4
Au Recovered/Poured	Ounces	23,006	21,299	23,006	21,299
Sales					
Au Sold	Ounces	21,465	21,442	21,465	21,442
Au Price	US\$/oz	2,069	1,887	2,069	1,887
FINANCIALS (Unaudited)					
Revenue					
Gold Sales	(US\$000's)	44,401	40,458	44,401	40,458
Operating Costs – Summary					
Mining	(US\$000's)	5,160	5,244	5,160	5,244
Processing	(US\$000's)	9,136	9,232	9,136	9,232
G&A	(US\$000's)	2,950	2,952	2,950	2,952
Total Operating Costs	(US\$000's)	17,246	17,428	17,246	17,428
Excise Duty	(US\$000's)	1,774	1,635	1,774	1,635
UK/Philippine G&A	(US\$000's)	1,671	1,680	1,671	1,680
Total Direct Production Costs	(US\$000's)	20,691	20,743	20,691	20,743
Net Cash Income	(US\$000's)	23,710	19,715	23,710	19,715
Total Capital Costs	(US\$000's)	2,143	1,872	2,143	1,872
Total non-cash costs	(US\$000's)	9,204	7,852	9,204	7,852
Free Cashflow	(US\$000's)	21,567	17,843	21,567	17,843
Cash Cost / oz Sold – C1	US\$/oz	791	928	791	928
Cash Cost / oz Sold – AISC	US\$/oz	1,051	1,170	1,051	1,170

Note: AISC includes all UK Corporate costs.

Review of Operations

On 18 March 2024, the Company appointed Nick von Schirnding as its new Independent Non-Executive Chairman. Mr von Schirnding has over thirty years' experience in the mining industry. He has held senior Executive and Non-Executive positions, including CEO and Chairman of a number of LSE and internationally listed mining companies.

Project Acquisition

During Q1 2024, the Company announced the proposed acquisition 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 (subject to shareholder and lender approval). For further details on the proposed acquisition, please refer to the Company's announcement of 12 January 2024. The acquisition is in line with the Company's strategy to grow MTL within the Philippines and ultimately the broader region, leveraging the Company's established in-country knowledge, experience, and strong technical team.

Runruno Operations

Q1 2024 operations produced another strong quarter result for the Company, supported by an improved head grade. Gold sales for Q1 2024 were US\$44.4 million (Q4 2023: US\$34.7 million), at an average realised gold price of US\$2,069 per ounce (Q4 2023: average gold price of US\$1,980 per ounce); producing a positive free cash flow of US\$21.6 million (Q4 2023: US\$11.5 million).

Finance

Please refer to the Company's announcement of 27 March 2024 entitled "Update on Debt Facilities". Total mezzanine debt payments of US\$21.0 million made during Q1 2024 (Q4 2023: US\$11.5 million).

The Company's position is that the final payment due to the lenders under the Company's mezzanine debt facilities was made on 25 March 2024, on the basis of the lower interest rate of 7% (as opposed to 15%) which the Company believes should apply under such facilities.

However, the Company's minority 29.3% mezzanine debt lenders, Runruno Holdings Limited and D & A Holdings Limited (together the "RHL Group"), dispute that the interest rate applicable to their portion of the mezzanine debt reduced from 15% to 7% from 3 November 2022. As previously announced, MTL Luxembourg S.a.r.l., Nick Candy's investment vehicle, the Company's majority 70.7% mezzanine debt lender has confirmed its agreement to the reduction in interest rate. The Company remains in discussions with the RHL Group in an endeavour to resolve this issue.

The Company's cash holdings at 31 March 2024 were US\$1.1 million (31 December 2023: US\$0.9 million).

Mining Operations

Mining production of ore and waste for Q1 2024 was above forecast at 3.31Mt (Q4 2023: 2.83Mt), with a total of 678Kt of ore mined in Q1 2024 (Q4 2023: 534kt).

Process Plant

During Q1 2024 most aspects of the process plant performed adequately with a high average recovery rate of 90.0% (Q4 2023: 85.9%).

Gold produced during Q1 2024 was 23,006 ounces (Q4 2023: 17,626 ounces) from ore milled in Q1 2024 of 581Kt (Q4 2023: 533Kt).

Planned downtime included scheduled maintenance to the SAG mill girth gear. Unplanned downtime consisted mainly of repairs to the SAG mill girth gear, pinion and feed chute, to conveyor belt repairs/replacement, and to tails/return water 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, although behind schedule are well advanced and continuing.

Occupational Health & Safety

Runruno continues to record an exceptional safety record with over 22 million hours worked without a lost-time reportable injury as at the date of this announcement.

Environment & 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.

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.