

METALS EXPLORATION PLC

QUARTERLY UPDATE TO 30 June 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 Q2 2024.

Corporate

- Agreement, subject to shareholder approval, for the Company to complete an off-market buy back of Runruno Holdings Limited’s (“RHL”) 18.6% shareholding.
- Company debt free following resolution of all debt disputes.
- Production fee agreement with RHL which will result in the termination of the Revolving Credit Facility, with no termination fee payable.

Finance

- Q2 2024 gold revenue of US\$46.7 million (Q1 2024: US\$44.4 million).
- Q2 2024 gold sales of 20,124 ounces sold at an average realised gold price of US\$2,320 per ounce (Q1 2024: 21,465 ounces at an average US\$2,069 per ounce).
- Q2 2024 positive free cash flow of US\$24.8 million (Q1 2024: US\$21.6 million).
- H1 2024 AISC of US\$1,066 per oz (H1 2023: US\$1,110 per oz) – below the lower 2024 full year production guidance estimate of US\$1,175 per oz.

Mining Operations

- No lost time injuries occurred during the period – over 23 million hours worked without a reportable injury.
- Q2 2024 mining production of ore and waste was below forecast at 2.71Mt (Q1 2024: 3.31Mt), with a total of 516Kt of ore mined in Q2 2024 (Q1 2024: 678Kt).

Processing Operations

- Q2 2024 gold production of 19,529 ounces (Q1 2024: 23,006 ounces) recovered from 518Kt at a head grade of 1.31g/t (Q1 2024: 581Kt at a head grade of 1.35g/t).
- Q2 2024 gold recovery of 89.1% (Q1 2024: 90.0%).

Darren Bowden, CEO of Metals Exploration, commented:

“This has been another excellent quarter for the Company, and we have continued to see a strong performance at Runruno across our key metrics; with excellent gold sales, resulting in strong revenues and positive free cash flow.

“We were also delighted to become debt free during the quarter as well as reach agreement on proposals to acquire 100% of RHL’s 18.6% shareholding. These are both highly significant events for the Company, and greatly strengthen our balance sheet, whilst removing any operational restrictions that have previously been placed on the team.

“The second half of the year promises more of the same as the gold price continues to remain robust. We can now look to utilise our strong balance sheet to deliver our growth strategy of appropriate acquisition opportunities with the objective to ensure ongoing future production and cash flow. This is an exciting time for the Company, and we look forward updating shareholders on our progress in due course.”

Production and Finance Summary

Runruno Project Report FY 2024		Quarter	Quarter	FY 2024	FY 2023
		Actual	Actual	Actual	Actual
PHYSICALS	Units	Q2 2024	Q2 2023	6 Months	6 Months
Mining					
Ore Mined	Tonnes	516,094	565,767	1,172,930	848,023
Waste Mined	Tonnes	2,197,984	2,928,776	4,849,036	5,385,929
Total Mined	Tonnes	2,714,078	3,494,543	6,021,966	6,233,952
Au Grade Mined	g/tonne	1.39	1.62	1.37	1.59
Strip Ratio		4.18	5.01	4.07	6.08
Processing					
Ore Milled	Tonnes	518,440	522,307	1,099,159	1,068,391
Au Grade	g/tonne	1.31	1.66	1.34	1.48
S ₂ Grade	%	1.28	1.55	1.35	1.41
Au Milled (contained)	Ounces	21,915	27,894	47,489	50,701
Recovery	%	89.1	86.9	89.6	89.8
Au Recovered/Poured	Ounces	19,529	24,235	42,535	45,533
Sales					
Au Sold	Ounces	20,124	24,744	41,589	46,186
Au Price	US\$/oz	2,320	1,984	2,190	1,939
FINANCIALS (Unaudited)					
Revenue					
Gold Sales	(US\$000's)	46,684	49,093	91,085	89,552
Operating Costs – Summary					
Mining	(US\$000's)	4,449	5,223	9,609	10,466
Processing	(US\$000's)	8,413	8,580	17,549	17,813
G&A	(US\$000's)	2,699	2,950	5,649	5,901
Total Operating Costs	(US\$000's)	15,561	16,753	32,807	34,181
Excise Duty	(US\$000's)	1,872	1,975	3,646	3,610
UK/Philippine G&A	(US\$000's)	3,100	2,980	4,771	4,661
Total Direct Production Costs	(US\$000's)	20,533	21,708	41,225	42,452
Net Cash Income	(US\$000's)	26,151	27,385	49,861	47,100
Total Capital Costs	(US\$000's)	1,363	3,334	3,506	5,206
Total non-cash costs	(US\$000's)	13,183	7,512	27,417	15,364
Free Cashflow	(US\$000's)	24,787	24,051	46,355	41,894
Cash Cost / oz Sold – C1	US\$/oz	768	723	780	818
Cash Cost / oz Sold – AISC	US\$/oz	1,083	1,058	1,066	1,110

Note: AISC includes all UK Corporate costs.

RHL's 18.6% shareholding buy-back

During the quarter, the Company announced a proposal to acquire 100% of RHL's 18.6% shareholding in the Company, being 393,513,302 ordinary shares, as part of a wider full and final settlement with RHL in relation to various finance agreements and other matters.

The transaction is subject to, *inter alia*, the requisite shareholder approvals being granted, as detailed in the Company's announcement of 20 June 2024. It is anticipated that a general meeting of shareholders to seek shareholder approval of this off-market buy-back, amongst other matters, will be held in August 2024. Further announcements will be made in due course.

Once approved, these proposals will ensure that the Company is no longer subject to operational restrictions imposed upon it under the relevant finance agreements. This will enable the Company to focus on its growth strategy utilising its strong, debt free, balance sheet and the free cash being delivered from Runruno to evaluate further appropriate acquisition opportunities with the objective to ensure ongoing future production and cash flow for the Company and its shareholders. For further details please refer to the Company's announcement of 20 June 2024.

Abra 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. Approval of this acquisition will be sought at the general meeting expected to be held in August 2024. 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 the Company within the Philippines and ultimately the broader region, leveraging the Company's established in-country knowledge, experience, and strong technical team.

Runruno Operations

Q2 2024 operations produced another strong quarter result for the Company with gold sales of US\$46.7 million (Q1 2024: US\$44.4 million), at an average realised gold price of US\$2,320 per ounce (Q1 2024: average gold price of US\$2,069 per ounce); producing a positive free cash flow of US\$24.8 million (Q1 2024: US\$21.6 million).

Finance

During Q2 2024, the Company resolved all debt related disputes and after paying the final principal/interest and an agreed amount for appropriate lender related legal fees, the Group can confirm that it is debt free.

The Company's cash holdings at 30 June 2024 were US\$6.6 million (31 March 2024: US\$1.1 million).

Mining Operations

Mining production of ore and waste for Q2 2024 was affected by inclement weather, while ore production was restricted due to ROM pad limitations. Total production of ore and waste was below forecast at 2.71Mt (Q1 2024: 3.31Mt), with a total of 516Kt of ore mined in Q2 2024 (Q1 2024: 678kt).

Process Plant

During Q2 2024 most aspects of the process plant performed adequately with a high average recovery rate of 89.1% (Q1 2024: 90.0%).

Gold produced during Q2 2024 was 19,529 ounces (Q1 2024: 23,006 ounces) from ore milled in Q2 2024 of 518Kt (Q1 2024: 581Kt).

Planned downtime included scheduled maintenance to the semi-autogenous grinding ("SAG") mill girth gear. Unplanned downtime consisted mainly of power interruptions, pump changeovers as well as repairs to the return discharge line ("RDL") and final tails line, conveyor belts, rollers and trommel panel screens.

Residual Storage Impoundment ("RSI")

The RSI dam-wall is at its final height and the dam water freeboard remains well above design minimum levels. Construction of the RSI final in-rock spillway continues.

Occupational Health & Safety

Runruno continues to record an exceptional safety record with over 23 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.