



## MINING RESEARCH

### Metals Exploration plc Up and Running

8.0p

12 January 2009

With the announcement of today's £11.7m debt and equity financing, Metals Exploration is now fully funded to complete the full bankable feasibility study of their flagship Runruno gold-molybdenum project in the Philippines. Metals Ex expects the study to be completed by the end of 2009 at a cost of approximately US\$15m. Our estimates suggest a project NPV of US\$78m (£50.82m or 31p/share for the enlarged share base) using a 10% discount rate and our revised long term metal prices of US\$700/oz Au and \$17.5/lb Mo.

Whereas many of their peers will be spending 2009 trying to survive, the Metals Ex management will now be able to focus on taking Runruno through to bankable feasibility and the company from the exploration to pre-production stage.

The funding comprises £3.7m (before expenses) through the placing of new ordinary shares at a price of 7 pence per share, £122,500 of which is from the directors of Metals Ex and the majority of the remainder is from Solomon Capital Limited. The Guernsey based private equity fund will have a 29.9% stake in the company and will appoint Tim Dean to the Board as a Non-Executive Director. Following the Placing, there will be a total of 165,118,516 ordinary shares in issue.

An additional £8m debt facility has been agreed with Shelfco 725 Limited, a sister company of Solomon Capital. The facility is for a term of 364 days and drawdown is conditional on a series of development milestones being met. Interest on amounts drawn down will accrue at the rate of LIBOR plus 8% per annum and is payable one month in arrears from the date of drawdown. An arrangement fee of 3% is also payable by the company on the drawdown of each tranche of funding. The loan will be secured against the assets of the group.

Although the facility does not need to be drawn down if alternative sources of finance arise, it gives the company the assurance to start the full feasibility study including up to 65,000m of reserve drilling knowing they have the funds available to complete it. On 3 November 2008, the company reported the successful completion of the initial scoping study for the project. The total resource estimate is currently 31.17Mt at 2.0g/t Au and 0.056% Mo for a total 2.0Moz contained gold and 34.4Mlbs of contained molybdenum. Of the total resource 756,000oz of gold and 17.2Mlb of molybdenum are now classified as Indicated and Measured under the JORC code.

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#### SALES & TRADING CONTACTS

See reverse

#### COMPANY DESCRIPTION

Exploration and development company focused on the Philippines. Flagship project is the Runruno gold-moly deposit.

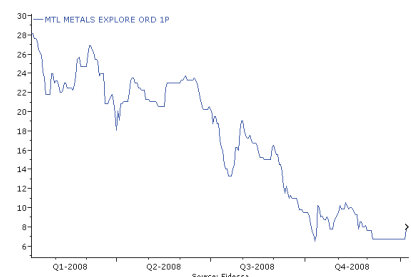
#### INVESTMENT DATA

|               |         |
|---------------|---------|
| Ticker        | MTL     |
| Listing       | AIM     |
| No. of shares | 112.28m |
| Market cap.   | £8.98m  |

#### SHAREHOLDERS Holding (%)

|                            |       |
|----------------------------|-------|
| Williams de Broë           | 18.14 |
| Allianz Cornhill Insurance | 10.69 |
| Baker Steel Capital        | 6.64  |
| Majedie Asset Management   | 4.59  |
| Black Rock Investment      | 3.64  |
| Aerion Fund Management     | 3.52  |
| New City Investment Mngr   | 3.34  |
| Barclays Wealth            | 3.32  |

#### 12M SHARE PRICE PERFORMANCE



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