

QUARTERLY REPORT

FOR THE QUARTER ENDING
31 DECEMBER 2020



Metals X Limited (**Metals X** or the **Company**) presents its activities report for the quarter ended 31 December 2020.

SAFETY AND COVID-19 RESPONSE

- Bluestone Mines Tasmania JV Renison Tin Operation (Renison) reported seven Recordable Injuries during the quarter. The 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) for Renison increased to 21.3 at the end of the quarter (16.6 at the end of the previous quarter).
- There have been no cases of COVID-19 within the Metals X or Renison workforce and there has been no significant disruption to operations, critical supplies or product logistics and shipping.

CORPORATE

- Closing cash and working capital of \$8.5 million including \$9.1 million cash ((\$5.1) million and \$5.9 million respectively at the end of the previous quarter).
- The repayment date of the Company's unsecured Facility Agreement with Asia Cheer Trading Limited was extended to 31 July 2021 and the facility increased by \$5 million to \$31 million. The Company drew down \$5 million during the quarter to provide additional funding for working capital and corporate expenditure¹.

TIN DIVISION

- Production of 1,999 tonnes of tin-in-concentrate, 14% below the previous quarter due to lower mined grade.
- Metallurgical Improvement Program advanced with demonstrated recovery improvements to ~ 77% tin with further improvements expected as initiatives are completed.
- Area 5 mining advances with development of the new exhaust ventilation raise commenced in January 2021 and detailed geotechnical and mine engineering for stoping continuing.
- All-in-sustaining cost (**AISC**) of \$20,978/tonne of tin (realised tin price, net of smelter charges, \$23,512/tonne).
- EBITDA of \$8.1 million and net cash flow of \$2.5 million (representing MLX 50% share).
- Production guidance for FY21 adjusted to 8,200 - 8,500 tonnes of tin-in-concentrate at an AISC cost of \$20,000 - \$21,000/tonne tin. The market outlook for tin and pricing remains strong in the first half of 2021.
- Thermal Upgrade Project Scoping Study to commence first quarter of 2021 to examine the introduction of tin fumer technology into the Renison processing flowsheet.

COPPER DIVISION

- Care and maintenance continued at Nifty Copper Operation with net costs of \$2.4 million for the quarter.
- Sale process ongoing for the Copper Division with the intention of executing a sale agreement during the first quarter of 2021².
- The Company entered into binding terms for the \$10.0 million copper price contingent payment, included in the Mt Gordon Sale Agreement transacted in 2015 and payable by Capricorn Copper Holdings Pty Ltd³.

NICKEL DIVISION

- Strategic review of the Wingellina Project completed with strategic options being reviewed.

All currency is AUD unless stated otherwise.

¹ Refer to ASX Announcement: 15 December 2020, Variation to Loan Facility.

² Refer ASX Announcement: 2 July 2020, Copper Assets Strategic Review Proposed Sale.

³ Refer to ASX Announcement: 24 December 2020, Update – Mt Gordon Copper Payment.

CORPORATE DIRECTORY

Level 5, 197 St Georges Terrace
Perth WA 6000 Australia
ASX Code: MLX

T +61 8 9220 5700
E reception@metalsx.com.au
ABN 25 110 150 055



www.metalsx.com.au

TIN DIVISION

RENISON TIN OPERATION (MLX 50%)

Metals X owns a 50% equity interest in Renison through its 50% stake in the Bluestone Mines Tasmania Joint Venture (BMTJV). All data in this report is 100% of Renison unless stated as 'MLX 50% share'.

SUMMARY

A summary of the Renison production and costs for the December 2020 quarter is outlined below in Table 1.

TABLE 1 - RENISON TIN OPERATION PRODUCTION AND COSTS – DECEMBER 2020 QUARTER

		Dec 2020 Quarter	Previous Quarter	Rolling 12-months
Physical and Revenue Summary				
Ore mined	t ore	214,540	216,086	848,883
Grade of ore mined	% Sn	1.11	1.58	1.24
Ore milled (after sorter upgrade)	t ore	169,159	165,071	679,134
Grade of ore processed	% Sn	1.54	1.87	1.54
Recovery	% Sn	76.9	75.3	74.6
Tin produced	t Sn	1,999	2,326	7,798
Tin sold	t Sn	2,339	2,170	7,750
Tin price	\$/t Sn	25,911	24,630	24,920
Realised tin price (net of TC/RC)	\$/t Sn	23,512	22,312	22,563
Revenue (net of TC/RC)	\$M	47.00	51.90	175.13
Cost Summary				
Mining	\$M	14.82	16.22	60.08
Processing	\$M	11.62	12.01	46.48
Administration	\$M	2.84	2.78	10.39
Stockpile adjustments	\$M	0.23	(1.13)	1.93
C1 Cash Cost	\$M	29.51	29.88	118.87
	\$/t Sn	14,761	12,847	15,244
Royalties	\$M	1.11	1.31	4.07
Other marketing costs	\$M	0.13	0.20	0.80
Sustaining capital	\$M	5.03	3.92	12.45
Reclamation & other adjustments	\$M	0.01	0.01	0.03
Corporate costs	\$M	0.03	0.01	0.15
All-in Sustaining Costs (AISC)	\$M	35.82	35.33	136.66
	\$/t Sn	17,921	15,189	17,524
Project costs	\$M	6.11	2.57	24.33
Exploration costs	\$M	-	-	0.03
All-in Costs (AIC)	\$M	41.94	37.90	161.01
	\$/t Sn	20,978	16,293	20,648
Depreciation & amortisation	\$M	6.87	7.79	29.00
	\$/t Sn	3,436	3,350	3,719
Cashflow	\$M	5.06	14.00	14.12
EBITDA	\$M	16.21	20.49	50.95
MLX 50% share:	\$M	50%	50%	50%
Cashflow	\$M	2.53	7.00	7.06
EBITDA	\$M	8.11	10.25	25.48

Note: C1, AISC and AIC are expressed per tonne of tin produced. Recovery is expressed as overall recovery, taking account of losses of tin through the ore sorter and the concentrator.

SAFETY AND COVID-19 RESPONSE

The safety performance at Renison during the quarter was poor with seven Recordable Injuries: one lost time injury, four restricted work injuries and two medical treatment injuries. As a consequence, the 12-month rolling TRIFR for Renison increased to 21.3 by the end of the quarter (16.6 previous quarter). Whilst the majority of the injuries were musculoskeletal, the trend of injuries is a concern with management instigating a number of actions to address the safety performance. Leadership safety interactions and development of critical control standards and processes for all high-risk activities have progressed as a priority.

There have been no cases of COVID-19 within the Renison workforce, nor any significant disruption to date to operations, critical supplies, product or concentrate logistics. The Company has contingency plans for business continuity and resilience plans in place for potential disruption to operations, including prudent financial measures.

PRODUCTION AND COSTS

Production for the quarter was 1,999 tonnes of tin-in-concentrate (previous quarter 2,326 tonnes), primarily driven by lower grade of ore mined at 1.11% Sn (previous quarter 1.58% Sn). Grades mined were lower than the previous quarter due to mine sequencing and prioritisation of the Area 5 ventilation capital development that reduced Area 5 production. Increased mill recovery at 76.9% Sn (previous quarter 75.3% Sn) positively impacted production as the benefits of the Metallurgical Improvement Program are being realised. 15,648 metres of underground drilling which included grade control in Area 5 and Leatherwood, Resource Development in Area 5, Huon North and Leatherwood, was completed during the quarter.

AISC at \$17,921/tonne of tin was 17% higher than the previous quarter (\$15,189/tonne), driven by the lower tin production for the quarter. Sustaining capital of \$5.0 million included \$1.8 million in capital development, \$1.8 million in D Dam construction lift, \$1.0 million of fleet finance payments and \$0.4 million in underground and surface equipment refurbishments and rebuilds. EBITDA and cashflow (MLX 50%) for the quarter was \$8.1 million and \$2.5 million respectively (previous quarter \$10.2 million and \$7.0 million).

Production and cost guidance for FY2021 is adjusted at 8,200 – 8,500 tonnes of tin-in-concentrate (previously at 8,200 – 8,700 tonnes of tin-in-concentrate) at AISC of \$20,000 - \$21,000/tonne of tin. Project capital for the balance of the FY is expected to be \$6 - 8 million. The market outlook for tin and pricing remains strong in the first half of CY2021.

STRATEGY DELIVERY

The Renison strategy is focused on continuing to convert ongoing significant in-mine exploration success into a substantial long-life mining operation, to deliver higher cash margins through an increased mining rate, grade and recovery, whilst continuing to seek productivity improvements and reduce costs. The key focus areas in the quarter were commencement of execution of the Area 5 Project and progressing the Metallurgical Improvement Program.

Area 5 Project

Following completion of the Area 5 Optimisation Study, in conjunction with an updated Renison Life-of-Mine Plan, during June 2020⁴, the execution phase of the Area 5 Project was initiated in July 2020. The objective of the Area 5 Project is to develop into and mine the high-grade Area 5 Ore Reserve, including construction of the requisite surface and underground infrastructure to support the development.

Key Area 5 Project activities during the quarter were:

- Completion of the first leg of the ventilation development and mobilisation of raisebore contractors with construction commenced in January 2021.
- Completion of the study for a paste-fill plant, ongoing system design optimisation, and selection of a preferred contractor for engineering and construction of the paste-fill plant. West Coast Council and EPA approvals commenced with preliminary site environmental clean-up approved.
- Electrical infrastructure upgrade preliminary design completed with long lead time items ordered and detailed engineering work commenced with preferred contractor.
- Geotechnical review and detailed design work on the stoping layout have continued through the quarter with a potential reduction in development requirements compare to the current LOM plan identified. This iterative process will continue to further strengthen the mine plan and ensure robustness of the current LOM plan.

⁴ Refer ASX Announcement: 17 June 2020, Renison Area 5 Underpins 10 Year Mine Life and Increased Tin Production.

Metallurgical Improvement Program

The objective of the Metallurgical Improvement Program is to improve systems to ensure the increased processing throughput rates are sustained and to increase metallurgical recovery. The program is being advanced through ongoing review and updating of control systems and online analytical infrastructure, improved training and communication of standard operating parameters and upgrade or replacement of key processing infrastructure.

Key Metallurgical Improvement Program workstreams progressed during the quarter were:

- Tin Flotation and Ultra Fine Falcon circuit upgrades completed resulting in immediate recovery improvements.
- Fine gravity spirals replacement selection test work conducted, and preliminary engineering commenced.
- Final concentrate pumping upgrade engineering study commenced.
- Sulfide flotation feed pumping stability – preliminary engineering commenced.
- Talc handling preliminary engineering and lab test work commenced.

Thermal Upgrade Project

A Thermal Upgrade Project Scoping Study (TUPSS) will commence during the first quarter of 2021 and is expected to be completed in the third quarter of 2021.

The TUPSS will examine the production of a low tin grade concentrate which is feed for a tin fumer producing a high grade, ~68% Sn, tin fume product suitable for sale to conventional offtakes, and a separate high grade, ~70% Sn, gravity concentrate would continue to be produced from the concentrator. The overall aim of the introduction of a tin fumer and changes to the existing processing plant flowsheet, is to produce a step change in recovery beyond that achieved by the Metallurgical Improvement Program.

The TUP also allows the proving of fumer technology for treating Renison mine tails and thus de-risks development of the proposed Rentails project.

COPPER DIVISION

Metals X is 100% owner of substantial copper assets located in the East Pilbara region of Western Australia through its Paterson Copper subsidiary including Nifty Copper Operations (**Nifty**), (underground mine, processing, power and camp infrastructure), the Maroochydore Copper Project (**Maroochydore**) and the surrounding Paterson Province exploration tenure (**Paterson Exploration Project**) (together the **Copper Assets**).

PATERSON COPPER (MLX 100%)

SAFETY AND COVID-19 RESPONSE

There were no recordable injuries at Nifty during the quarter. There have been no cases of COVID-19 in the Nifty workforce and no significant disruption to care & maintenance activities related to COVID-19.

PROPOSED SALE OF COPPER ASSETS

During the quarter, the Company progressed the proposed sale of the Copper Assets⁵. Discussions and due-diligence activities continued with a shortlist of preferred bidders. The sale process is on-going with the intention of executing a sale agreement during the first quarter of CY2021. There is no certainty that a transaction will be entered into or completed.

MT GORDON ROYALTY

The Mt Gordon Sale Agreement (**SPA**) transacted in 2015 by, then named, Aditya Birla Minerals Ltd (and now a wholly owned subsidiary of Metals X named Paterson Copper Pty Ltd) for the sale of the Mt Gordon (Gunpowder) Copper Mine, now name the Capricorn Copper Mine, included a copper price conditional payment of \$10.0 million (**Copper Payment**) contingent upon the three-month delivery quoted price for copper on the London Metals Exchange averaging at least \$4.20/lb over any continuous six-month period (**Average Copper Price**) prior to 16 January 2021. Commercial production at the Capricorn Copper Mine resumed on 16 January 2018⁶.

⁵ Refer ASX Announcement: 2 July 2020, Copper Assets Strategic Review Proposed Sale.

⁶ Refer ASX Announcement: 15 December 2020, Mt Gordon – Contingent Payment.

On 10 December 2020, the Average Copper Price of \$4.2066/lb triggered the Copper Payment. On 24 December 2020, the Company entered a binding terms sheet with Capricorn Copper Holdings Pty Ltd (**CCH**) and its parent entity, EMR Capital Investment (No.6B) Pte Ltd (**ECI**) detailing the material terms and timing of the Copper Payment as follows:

1. Payable in two instalments, plus accrued interest:
 - a. \$5.0 million to be paid on or before 31 March 2021; and
 - b. \$5.0 million to be paid on or before 24 June 2022.
2. Interest accrues at 12% per annum from 25 December 2020 until payment of the second instalment plus accrued interest.
3. ECI to provide specific security over 10% of the ordinary shares it holds in CCH, exercisable in the event of a default by CCH; and
4. Assignment of the rights and benefits of the Copper Payment from Paterson Copper Pty Ltd to Metals X.

The parties have committed to formalise fully termed transaction documents by no later than 25 February 2021⁷.

PATERSON PROVINCE INDIGENOUS LAND USE AGREEMENT

On 23 November 2020⁸, the Western Desert Lands Aboriginal Corporation (**WDLAC**), on behalf of Martu people, and Nifty Copper Pty Ltd (**Nifty**) & Maroochydore Copper Pty Ltd (**Maroochydore**), both wholly owned subsidiaries of Metals X Limited, announced the signing of a Body Corporate Indigenous Land Use Agreement (ILUA) over 10,090 km² of Martu country in the eastern Pilbara region of Western Australia. The ILUA area covers all of Metals X's Nifty and Maroochydore tenure held in the highly prospective Paterson Province including the Nifty Copper Mine, the Maroochydore Copper Project and the Paterson Exploration Project and includes a protocol for heritage protection and management, provisions for cultural awareness, training and employment as well as a package of benefits.

CARE & MAINTENANCE

Nifty remained in care & maintenance (**C&M**) during the quarter, with surface infrastructure including the power station, processing plant and camp being maintained in a production-ready status. During the quarter, on the basis of previous economics studies and discussions with potential sales partners, the pumping of the underground mine was suspended, and removal of saleable equipment commenced.

Total C&M costs for the quarter were \$3.3 million, lower than prior guidance of \$3.8 million. Inventory and equipment sales of \$0.95 million were made during the quarter which reduced net Nifty C&M expenditure to \$2.4 million.

Based on C&M activities and costs to date, revised guidance for C&M costs for the March 2021 quarter are provided in Table 2.

TABLE 2 – NIFTY COPPER OPERATION CARE AND MAINTENANCE COST - DECEMBER 2020 QUARTER COST AND GUIDANCE

Costs are shown as positive values, revenues are shown as negative values.		Dec 2020 Quarter	Previous Quarter	Mar 2021 Quarter (Guidance)
Ongoing care & maintenance	\$M	2.83	2.84	2.64
Tenure holding costs	\$M	0.04	0.10	0.21
Insurance*	\$M	(0.04)	0.18	0.18
Residual asset finance	\$M	0.50	1.01	0.05
Total care & maintenance costs	\$M	3.33	4.13	3.08
Inventory & equipment sales	\$M	(0.95)	(0.73)	(0.00)
Net care & maintenance costs	\$M	2.38	3.40	3.08

* Insurance premium refund for prior year received during the quarter

⁷ Refer to ASX Announcement: 24 December 2020, Update – Mt Gordon Copper Payment.

⁸ Refer to ASX Announcement: 23 November 2020, Paterson Province Indigenous Land Use Agreement.

PATERSON EXPLORATION PROJECT

In June 2020, the Company executed a \$32 million Farm-in and Joint Venture Agreement with IGO in relation to the Company's Paterson Exploration Project, which surrounds, but does not include, Nifty and Maroochydore⁹.

IGO's initial exploration programs were somewhat delayed by the global COVID-19 pandemic, but detailed planning for the 2021 Field Season was completed along with some initial field investigations and historic drill core re-logging. IGO is planning to recommence field exploration activities in late March / early April 2021 including heritage surveys, soil geochemical programs and targeted drilling programs.

NICKEL DIVISION

WINGELLINA NICKEL - COBALT PROJECT (MLX 100%)

Wingellina Nickel-Cobalt Project is part of Metals X's Central Musgrave Project which is the largest undeveloped nickel-cobalt deposit in Australia. The Central Musgrave Project has a Mineral Resource containing approximately 2.0Mt of nickel and 154,000t of cobalt within which Wingellina hosts an Ore Reserve of approximately 1.56Mt of nickel and 123,000t of cobalt (refer to the 2020 Annual Report).

During the September 2020 quarter, the Company completed a strategic review of the options to advance the project. The scope of works included a business environment review of global lateritic nickel mines and development projects along with a gap analysis in relation to the completed 2008 Phase 1 Feasibility Study. The strategic options identified are being reviewed.

CORPORATE

STRATEGIC DIRECTION

During the quarter, the Company reduced the size of its corporate staff in line with its strategic review and the proposed sale of its copper asset portfolio. The annualised savings associated with the staff reductions will be approximately \$1.5 million. The Board continues to maintain an ongoing focus towards reducing the Company's fixed costs and overheads.

The Board's primary concern is to restore and grow shareholder value.

FINANCE FACILITIES

The Company has an unsecured loan facility with Asia Cheer Trading Limited (ACT Facility), a subsidiary of the Company's substantial shareholder, APAC Resources Strategic Holdings Limited.

On 15 December 2020¹⁰, the Company executed a deed of variation to extend the ACT Facility repayment date to 31 July 2021 and increase the loan amount by \$5 million to \$31.0 million, all other terms and conditions remain unchanged. After these changes, the Company made a further \$5.0 million drawdown from its ACT Facility, the funds to be used for working capital and general corporate expenditure.

As at 31 December 2020, the ACT Facility of \$31.0 million has been fully utilised.

CASH AND WORKING CAPITAL

Closing cash and working capital at 31 December 2020 was \$8.5 million including \$9.1 million cash ((\$5.1 million) and \$5.9 million respectively at the end of the previous quarter). The large movement in cash and working capital for the quarter is mainly due to the reversal of impairment loss on stores inventory at Nifty \$10.95 million and drawdown of the additional loan under ACT facility \$5.0 million and receivables for Mt Gordon deferred consideration of \$5.0 million.

⁹ Refer ASX Announcement: 12 August 2020, Paterson Exploration Project – IGO JV Update.

¹⁰ Refer to ASX Announcement: 15 December 2020, Variation to Loan Facility.

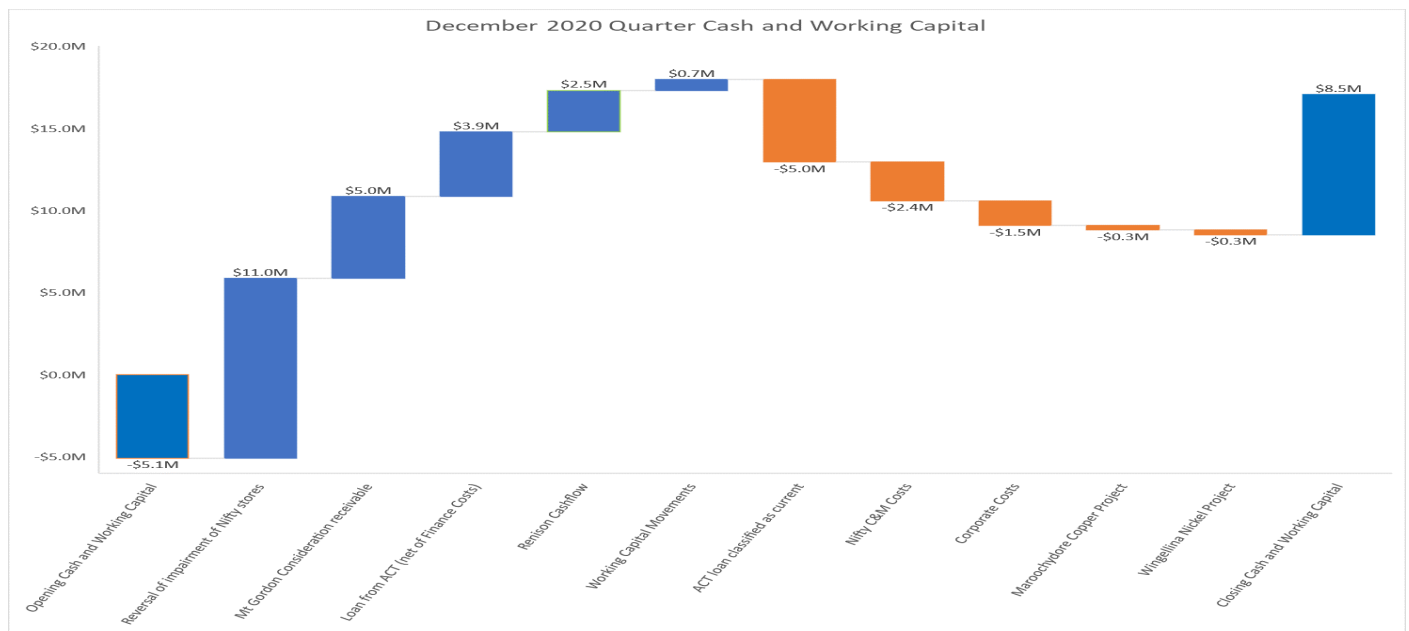


FIGURE 1 – CASH & WORKING CAPITAL AT 31 DECEMBER 2020

* Cash and working capital at 31 December 2020 includes the current liability of \$31.0 million for the ACT Loan.

SHARE SALE FACILITY

During the quarter, the Company undertook a share sale facility (**Facility**) for holders of less than a marketable parcel of Metals X shares. The Facility closed on 30 November 2020, with 6,242,379 Metals X shares from 2,621 shareholders subsequently sold, reducing the number of Metals X shareholders to approximately 4,340 and reducing Metals X's administrative costs associated with maintaining a large number of relatively small holdings on its share register.

BOARD AND MANAGEMENT CHANGES

On 12 November 2020, Mr Xingwang Bao ceased as a Director.

On 1 December 2020, Ms Shannon Coates was appointed Company Secretary and Ms Fiona Van Maanen resigned from the position of Company Secretary and Chief Financial Officer.

This quarterly report has been authorised by the board of directors of Metals X Limited

ENQUIRIES

Mr Brett Smith - Executive Director
E: Brett.Smith@metalsx.com.au

COMPETENT PERSON STATEMENTS

The information in this report that relates to nickel Mineral Resources was compiled by Metals X technical employees and contractors under the supervision of Mr. Jake Russell B.Sc. (Hons), who is a member of the Australian Institute of Geoscientists. Mr Russell, was a contractor to the Company, and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. The nickel Mineral Resource was first reported to ASX on 18 August 2016. The Company confirms that it is not aware of any new information or data that materially affects the information and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Metals X confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the original.

The information in this report that relates to nickel Ore Reserves was compiled in 2016 by Metals X technical employees under the supervision of Mr Michael Poepjes, B Engineering (Mining Engineering), MSc (Min. Econ) AusIMM. Mr Poepjes was then a full-time employee of the Company, and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Metals X confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement of 18 August 2016 and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Metals X confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the original.