METALS X LIMITED

ACN 110 150 055

Interim Financial Report for the Half-Year 31 December 2016

CORPORATE DIRECTORY

This half-year report covers the consolidated entity comprising Metals X Limited (the Company) and its subsidiaries (the Consolidated Entity). The Consolidated Entity's functional and presentation currency is AUD ($).

A description of the Consolidated Entity's operations and its principal activities is included in the review of operations and activities in the directors' report on page 3.

Directors
Peter Newton (Non-Executive Chairman)
Warren Hallam (Managing Director)
Simon Heggen (Non-Executive Director)
Stephen Robinson (Non-Executive Director)
Yimin Zhang (Non-Executive Director)

Company Secretary
Fiona Van Maanen

Registered Office
Level 3
18 – 32 Parliament Place
WEST PERTH WA 6005

Phone: 61-8-9220 5700
Fax: 61-8-9220 5757
E-mail: reception@metalsx.com.au
Website: www.metalsx.com.au

Postal Address
PO Box 1959
WEST PERTH WA 6872

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Phone: 61-8-9315 2333
Fax: 61-8-9315 2233
E-mail: registrar@securitytransfer.com.au

Securities Exchange
Listed on the Australian Securities Exchange

Codes: ASX: MLX

Domicile and Country of Incorporation
Australia

CONTENTS

APPENDIX 4D - RESULTS FOR ANNOUNCEMENT TO THE ASX

This Appendix 4D is to be read in conjunction with the 2016 Annual Financial Report, the December 2016 Interim Financial Report and Directors' Report.

The Directors do not propose to pay any dividend for the half-year ended 31 December 2016.

Key Financial Highlights

Consolidated	31 December 2016 $	31 December 2015 $	Movement $	Movement %
Revenue from ordinary activities:	127,970,883	36,422,219	91,548,664	251%
(Loss)/profit from ordinary activities after tax attributable to members:	(92,600,839)	2,315,132	(94,915,971)	-4,100%
Profit/(loss) from discontinued operations after tax:	237,765,012	(1,502,791)	239,267,803	15,922%
Net profit attributable to members:	145,164,173	812,341	144,351,832	17,770%
Net tangible assets per share:	0.35	0.86		

Financial performance	31 Dec 2016 $	31 Dec 2015 $	Movement $
Continuing Operations			
Total sales revenue	127,970,883	36,422,219	91,548,664
Cost of sales	(115,692,163)	(30,666,670)	(85,025,493)
Gross profit	12,278,720	5,755,549	6,523,171
Net (loss)/profit after tax	(92,600,839)	2,315,132	(94,915,971)
Discontinued Operations			
Net profit after tax	237,765,012	(1,502,791)	239,267,803

Cash flows			
Cash flow from operating activities	1,845,729	12,503,527	(10,657,798)

Capital reinvestment			
Property, plant and equipment	(12,853,081)	(8,866,147)	(3,986,934)
Mine properties and development	(28,396,782)	(44,820,542)	16,423,760
Exploration and evaluation expenditure	(13,593,864)	(14,036,307)	442,443

Financial position	31 Dec 2016 $	30 Jun 2016 $	Movement %
Net assets	213,438,876	394,908,333	-45.95%
Cash balance	28,269,528	39,184,787	-27.86%

Review of Results: refer to the review of results included in the Directors' Report.

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2016.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Peter Newton (Non-Executive Chairman)
Warren Hallam (Managing Director)
Peter Cook (Non-Executive Director) (resigned 2 February 2017)
Stephen Robinson (Non-Executive Director) (appointed 25 November 2016)
Simon Heggen (Non-Executive Director)
Yimin Zhang (Non-Executive Director) (appointed 9 January 2017)
Xie Penggen (Non-Executive Director) (resigned 9 January 2017)
Paul Cmrlec (Non-Executive Director) (resigned 5 October 2016)

RESULTS AND REVIEW OF OPERATIONS

RESULTS OF OPERATIONS

- Consolidated total profit after income tax - $145,164,173 (2015: $812,341);
- Total consolidated revenue of continuing operations - $127,970,883 (2015: $36,422,219);
- Total cost of sales of continuing operations - $115,692,163 (2015: $30,666,670);
- Gain on distribution of controlled entities - $228,503,915 (2015: Nil);
- Impairment of mine properties and development and exploration and evaluation expenditure - $72,853,914 (2015: $94,407);
- Cash flow from operating activities - $1,845,728 (2015: $12,503,527);
- Cash flows used in investing activities - $120,585,992 (2015: $70,395,612); and
- Cash flows from financing activities - $107,825,005 (2015: $10,828,282 outflow).

Key results for the half-year are:

<u>Copper Division</u>

- Revenue from the Nifty Copper Operation (Nifty) was $86.6M (2015: nil). The Company took control of Nifty on 1 August 2016.
- The cost of sales was $86.6M (2015: nil).

<u>Tin Division</u>

- Revenue from the 50% owned Renison Tin Operation was $40.2M (2015: $35.5M). The revenue was higher than the previous year as a result of higher tin prices.
- The cost of sales was $29.1M (2015: $30.7M) with costs decreasing due to a reduction in costs associated with efficiencies introduced in both mining and processing and the change from contractor to owner-operator mining.

<u>Gold Division – Discontinued Operation</u>

- Total revenue from the Gold Operations for the half-year was $163.1M (2015: $109.9M) due to an increase in production at the CMGP project.
- Total cost of sales was $155.5M (2015: $111.3M).

RESULTS OF OPERATIONS (continued)

Nickel Division

- A recoverable amounts assessment undertaken at the end of the period resulted in an impairment of the Central Musgraves Nickel Project of $72.9M (2015: $0.09M) (refer to note 19).

Capital Investment Activities

Cash flows used in investing activities across the group totalled $120.6M, which was greater than the previous period (2015: $70.4M), mainly due to the cash injection into the gold division prior to the demerger of Westgold Resources Limited (Westgold) ($96.3M), which was offset by the cash acquired on the acquisition of the copper division ($31.4M). Other capital re-investment during the period:

- Gold Operations $44.0M;
- Tin Operations $5.0M;
- Copper Operations $6.2M
- Nickel Project $0.5M;

REVIEW OF OPERATIONS

DIVIDENDS

No dividends were paid to members during the 2016 half-year.

Dividends paid to members during the 2015 half-year:

Dividend Rate	Record Date	Payment Date	Franking	DRP Discount
2.95 cents per share	2 September 2015	25 September 2015	26% franked	5% to 5 day VWAP

Dividend Reinvestment Plan

The Company operates a dividend reinvestment plan (DRP) which allows eligible shareholders to elect to invest dividends in ordinary shares. The DRP is based on a 5% discount to the 5 day volume weighed average price (VWAP) after the record date. During the half-year no shares were issued as part of the DRP (2015: 2,179,099).

CORPORATE

Capital Raising

On 9 August 2016 the Company completed an institutional placement of $100,600,000 and issued 68,000,000 new fully paid ordinary shares in the Company at an issue price of $1.48 per share.

On 8 September 2016 the Company completed a capital raising via a Share Purchase Plan (SPP). Under the SPP, eligible shareholders were invited to invest up to $15,000 at $1.48 per share subject to an overall cap on the SPP of $15,000,000. The SPP closed oversubscribed and the Company issued 10,134,315 new fully paid ordinary shares in the Company to raise $14,999,413.

Westgold Resources Limited Demerger

On 24 November 2016 at an Extraordinary General Meeting Metals X shareholders approved the demerger of Metals X's gold assets via a capital reduction and in specie distribution of all the shares in Westgold Resources Limited (Westgold). On 6 December 2016 Westgold commenced trading on the Australian Securities Exchange (ASX).

REVIEW OF OPERATIONS (continued)

Aditya Birla Minerals Limited Takeover Offer

On 15 October 2015 the Company announced an off-market takeover bid to acquire 100% of the ordinary shares in Aditya Birla Minerals Limited (Aditya Birla). The original offer of 1 Metals X share for every 5 Aditya Birla shares was increased on 7 December 2015 to 1 Metals X share for every 4.75 Aditya Birla shares.

On 18 July 2016 the Company announced that Aditya Birla's 51% major shareholder Hindalco Industries Limited had received regulatory approval from the Reserve Bank of India to accept the Metals X takeover offer. Accordingly, Metals X increased the Offer consideration to 1 Metals X share for every 4.5 Aditya Birla shares, plus $0.08 in cash for every Aditya Birla share.

On 20 July 2016 the Company announced it had obtained 85.18% acceptances under the Aditya Birla off-market takeover offer and that it had gained control of Aditya Birla.

On 21 July 2016 the Company drew down on a $25,000,000 cash advance facility with Citibank N.A. to pay the cash consideration to Aditya Birla shareholders that was subsequently repaid on 21 October 2016.

On 22 July 2016 the Company announced it had obtained 90.06% acceptances under the Aditya Birla off-market takeover offer and that it would proceed to compulsorily acquire the remaining interests in Aditya Birla.

On 29 July 2016 the Aditya Birla off-market takeover offer closed with the Company obtaining 94.75% acceptances with the Company compulsorily acquiring the remaining interest to gain 100% ownership.

COPPER DIVISION

Metals X acquired the Copper Division via the off-market takeover of Aditya Birla during the period. The Copper Division holds two key assets:

1. Nifty Copper Operation; and
2. Maroochydore Copper Project.

Nifty Copper Operation

The Nifty copper operation is an underground copper sulphide mine with an associated 2.5Mtpa copper concentrator. Site infrastructure is extensive, including a powerhouse, camp and airfield, Processing of sulphide copper ore is by conventional comminution, grinding and flotation to produce a copper concentrate. A concentrate storage facility is located at Port Hedland where concentrate is accumulated before shipping.

Nifty produces a clean copper concentrate which is shipped to the Hindalco copper smelter in India for refining. There is currently an agreement to sell all concentrates to Hindalco Industries Limited.

Since acquisition there has been a focus on the reduction of operational costs and changes to improve productivity. There has been a review and update of the geological model to incorporate available stratigraphy and all historical and depletion data to provide a better understanding of the mine geology and mining areas. The model is now being utilised for the planning of current production and for the development of a five-year production plan. This combined with the current underground drill programs is expected to result in a significant increase the reserve inventory.

The short term focus is on the opportunity to exploit additional ore from underground mining along strike from currently capital developed mining areas and on reviewing all of the remaining stoping blocks within the checkerboard to maximise production whilst minimising dilution.

The overall objective over the next 12 to 18 months is to return the process plant to continuous production. Currently the plant has 30-40% additional capacity available and is currently operating on a two weeks on and one week off campaign. This will have a significant impact on reducing overall unit costs as no additional capital for the processing plant is required.

REVIEW OF OPERATIONS (continued)

Performance of the Copper Division from 1 August 2016 when operational control was assumed is summarised below:

		31 December 2016	31 December 2015
Physical Summary	**Units**		
UG Ore Mined	t	686,488	-
UG Grade Mined	% Cu	1.92	-
Ore Processed	t	672,143	-
Head Grade	g/t	1.93	-
Recovery	% Cu	94.44	-
Copper Produced	t	12,414	-
Copper Sold	t	12,437	-
Achieved Copper Price	A$/t Cu	6,721	-
Cost Summary			
Mining	A$/t Cu	2,171	-
Processing	A$/t Cu	987	-
Admin	A$/t Cu	1,211	-
Stockpile Adj	A$/t Cu	-	-
C1 Cash Cost (produced oz) *	**A$/t Cu**	**4,369**	**-**
Royalties	A$/t Cu	291	-
Marketing/Cost of sales	A$/t Cu	1,171	-
Sustaining Capital	A$/t Cu	454	-
Reclamation & other adj.	A$/t Cu	-	-
Corporate Costs	A$/t Cu	69	-
All-in Sustaining Costs **	**A$/t Cu**	**6,354**	**-**
Project Startup Capital	A$/t Cu	-	-
Exploration Holding Cost	A$/t Cu	41	-
All-in Cost ***	**A$/t Cu**	**6,395**	**-**

***** C1 Cash Cost (C1): represents the cost for mining, processing and administration after accounting for movements in inventory (predominantly ore stockpiles). It includes net proceeds from by-product credits, but excludes the cost of royalties and capital costs for exploration, mine development and plant and equipment.

** All-in Sustaining Cost (AISC): is made up of the C1 cash cost plus royalty expense, sustaining capital expense and general corporate and administration expenses.

*** All-in Cost (AIC): is made up of the AISC plus growth (major project) capital and discovery expenditure.

C1, AISC and AIC are non-IFRS financial information and are not subject to audit. These are widely used "industry standard" terms that certain investors use to evaluate company performance.

Maroochydore Copper Project

The Maroochydore Project is located 110 km from the Nifty Copper Operations and manifests as a large copper oxide and secondary chalcocite blanket of mineralisation. Drilling defined a small amount of copper sulphide mineralisation at depth, although this is sparsely drilled and inadequately defined. Geophysical modelling of high resolution aeromagnetic data suggests that the Maroochydore deposit lies within a north-trending structural corridor and that a possibility exists for a structural repetition of the mineralised horizon to occur to the west of the resource area. Primary copper sulphide mineralisation remains open along-strike and down-dip.

REVIEW OF OPERATIONS (continued)

TIN DIVISION

Metals X is a globally significant tin producer through its 50% ownership of the Renison Tin Project which holds three key assets:

1. The world class Renison Tin Mine with a 720,000tpa tin concentrator;
2. The Renison Expansion Project (Rentails Project); and
3. The Mount Bischoff Project.

Renison Tin Mine (50%)

The Renison Tin Project is located approximately 15km north-east of Zeehan on Tasmania's west coast. The Rentails tailings resources sit nearby whilst the Mount Bischoff open pit mine (not operational) is located approximately 80km north.

Metals X is focussing on lowering the overall costs at the operation with the first step being a shift to owner operator mining where higher productivity and lower unit costs have already been achieved. Mine production is in excess of processed tonnes and a significant stockpile (+30,000t) of ore has now been accumulated providing additional surety and flexibility.

Performance of the Tin Division (50% share) is summarised below:

		31 December 2016	31 December 2015
Physical Summary	**Units**		
UG Ore Mined	t	198,337	171,009
UG Grade Mined	% Sn	1.27	1.39
Ore Processed	t	189,535	175,628
Head Grade	g/t	1.28	1.38
Recovery	% Sn	71.67	72.77
Tin Produced	t	1,743	1,767
Tin Sold	t	1,569	1,559
Achieved Tin Price	A$/t Sn	26,582	20,982
Cost Summary			
Mining	A$/t Sn	6,452	8,813
Processing	A$/t Sn	4,476	3,813
Admin	A$/t Sn	1,033	812
Stockpile Adj	A$/t Sn	(450)	399
C1 Cash Cost (produced oz) *	**A$/t Sn**	**11,511**	**13,837**
Royalties	A$/t Sn	1,289	605
Marketing/Cost of sales	A$/t Sn	2,251	2,057
Sustaining Capital	A$/t Sn	3,576	2,505
Reclamation & other adj.	A$/t Sn	2	50
Corporate Costs	A$/t Sn	10	14
All-in Sustaining Costs **	**A$/t Sn**	**18,640**	**19,068**
Project Startup Capital	A$/t Sn	-	-
Exploration Holding Cost	A$/t Sn	-	-
All-in Cost ***	**A$/t Sn**	**18,640**	**19,608**

Renison Project Tin Concentrator

The tin concentrator had excellent availability and utilisation during the period. Evaluation and testing of ore sorting continued during the period. Previous vendor trials indicated that approximately 25% of waste can be rejected from the ore with tin losses of less than 3%. Ore sorting would enable a cost effective expansion which would result in the ability to increase mining production without the requirement to expand the processing plant. The ore sorter would be installed in a new expanded and purpose built crushing plant. Engineering has now been undertaken and final economic modelling is being completed.

REVIEW OF OPERATIONS (continued)

The conceptual design would require an increase in mine capacity over the next 18 months to 920,000 tonnes while maintaining the processing plant at a rate of approximately 720,000 tonnes per annum. It is anticipated that tin production would be increased by approximately 15-20% from current levels of around 7,100 tonnes and allow additional optimisation of the current resource.

Renison Expansion Project

The Renison tin concentrator has generated a significant quantity of process tailings accumulated over its lifetime of operation. The Rentails Project aims to re-process and recover tin and copper from the tailings by the application of modern processing technology in flotation, gravity and tin-fuming methods. A Definitive Feasibility Study (DFS) of the mining and re-processing of the tailings for the project was completed in 2009. The DFS concluded that a 10-year project could be established using an integrated 2Mtpa tin concentrator and tin-fumer plant could be constructed to produce approximately 5,300 tonnes of tin and 2,000 tonnes of copper contained in concentrate per annum.

An update of the DFS is underway and will be completed early in 2017. At current metal prices for both tin and copper the economics of the Rentails Project looks very encouraging.

Mt Bischoff Project

The Mt Bischoff Project is located approximately 80km north of the Renison mine. Mt Bischoff was a significant historical tin operation, producing some 60,000 tonnes of tin metal since the late 1800's. Open pit mining by the Company between 2009 and 2011 produced a further 5,000 tonnes of tin metal before the initial open pit mine was depleted. Whilst the mine remains on care and maintenance, significant resources remain at depth and numerous historically mined areas remain underexplored and offer future development opportunity at higher tin prices.

NICKEL DIVISION

Metals X's nickel strategy remains focused on the Central Musgrave Nickel Project (CMNP) which straddles the triple-point of the WA/NT/SA borders. The project represents the Company's key nickel assets and comprises of the globally significant Wingellina Ni–Co-Fe rich Limonite deposit, the similar Claude Hills deposit and the Mt Davies exploration prospects. The project encompasses a large tract of prospective exploration tenure encompassing the whole of the Wingellina layered intrusive sub-set of the Giles Complex rocks in Western and Southern Australia.

The Board had previously reached a decision to defer expenditure on updating the DFS due to the continuum of a depressed nickel market. Whilst the engineering works for an updated DFS has been halted, the Company continues to use its internal resources to complete other long lead-time studies required for the DFS, including infrastructure, roads, rail and ports studies.

In late 2014 the Company was invited to pilot test 100 tonnes of CMNP ore through POSCO's PosNEP fully upgraded and automated pilot plant in Korea. The purpose of the pilot was to trial an alternative processing route for high iron, low magnesium nickel ores. The trials were successful and discussions are ongoing as to the next steps in the possible commercialisation of the PosNEP process and the CMNP. The PosNEP process has the capability of being modularised into smaller production trains of approximately 10,000tpa contained nickel for which additional trains can be added. In addition, the process uses minimal water compared to other processes and recycles the main reagents. Overall this will significantly reduce the capital hurdle by starting production with one to two process trains and building adding additional trains at a subsequent date.

In November 2016, the Company received EPA approval for the development of the CMNP subject to meeting various standard conditions which is another significant milestone in the development of the project.

At the end of the period the Company completed a recoverable amounts assessment that resulted in an impairment of the CMNP of $72.9M (refer to note 19). The Company's strategy is to continue to enhance the option value of the CMNP by furthering its work with the NT Government on road easements, continuing to assess metallurgical processing alternatives, and continuing its discussions with potential joint venture parties for the co-development of the project.

REVIEW OF OPERATIONS (continued)

GOLD DIVISION - DISCONTINUED OPERATION

The gold division was demerged on 2 December 2016 via an in-species distribution and capital reduction and subsequent ASX listing of Westgold (refer to note 17). The Gold Division's key assets are:

1. The Higginsville Gold Operation (HGO);
2. The Central Murchison Gold Project (CMGP);
3. The South Kalgoorlie Operation (SKO);
4. The Fortnum Gold Project (FGP); and
5. The Rover Project.

The Higginsville Gold Operation

HGO is centred around the main infrastructure of a modern 1.3Mtpa CIP plant and its infrastructure, and a 300 person village.

Mining at HGO during the period was from the Trident underground mine (which was closed in December 2016), Mt Henry open pit and the Lake Cowan group of open pits.

The Central Murchison Gold Project

The CMGP is centred upon the refurbished 2.0Mtpa process CIP plant and associated infrastructure. The project has numerous open pit and underground production options.

The overall consolidated CMGP project area has a number of historic gold mining centres and an aggregated gold production of nearly 10 million ounces. These include the Day Dawn, Cuddingwarra, Big Bell, Reedy, Nannine, Yaloginda, Paddy's Flat and Meekatharra North gold mining centres with the bulk of historic production being sourced from a handful of larger underground mines.

Mining at CMGP during the period was from the Paddy's Flat underground mine and a series of open pits. Development of the Comet underground mine commenced during the period, with dewatering of the Big Bell underground mine as an additional underground ore source is continuing.

The South Kalgoorlie Operation

The SKO operations are centred upon a 1.2Mtpa CIP plant and infrastructure. Numerous open pits and underground deposits have previously been mined within the tenement area since the late 1980's.

Mining at SKO during the period was from the HBJ underground mine and George's Reward open pit. Mining continued at the Cannon open pit mine which is subject to a mine financing and profit sharing agreement with Southern Gold Limited (SAU). All proceeds from the sale of the Cannon production goes first to repay all costs incurred by the project and SKO has the right to a 50% share of all surplus profits.

REVIEW OF OPERATIONS (continued)

Performance of the Gold Division is summarised below:

31 December 2016 (five months)		Higginsville	South Kal	CMGP	Group
Physical Summary	Units				
UG Ore Mined	t	288,010	104,726	165,785	**558,521**
UG Grade Mined	g/t	4.06	2.58	3.50	**3.61**
OP BCM Mined	BCM	1,000,080	533,187	2,256,078	**3,789,344**
OP Ore Mined	t	188,787	61,753	499,452	**749,992**
OP Grade Mined	g/t	2.40	2.70	1.81	**2.03**
Ore Processed	t	508,329	207,210	669,224	**1,384,763**
Head Grade	g/t	2.87	2.52	2.06	**2.42**
Recovery	%	93.74%	90.85%	89.24%	**91.14%**
Gold Produced	oz	40,150	15,355	39,453	**94,957**
Gold Sold	oz	41,937	16,665	38,431	**97,034**
Achieved Gold Price	A$/oz	1,677	1,677	1,677	**1,677**
Cost Summary					
Mining	A$/oz	726	1,129	783	**815**
Processing	A$/oz	289	74	320	**267**
Admin	A$/oz	104	44	162	**118**
Stockpile Adj	A$/oz	(133)	36	(178)	**(125)**
C1 Cash Cost (produced oz) *	**A$/oz**	**985**	**1,283**	**1,086**	**1,075**
Royalties	A$/oz	178	46	84	**117**
Marketing/Cost of sales	A$/oz	2	2	0	**1**
Sustaining Capital	A$/oz	59	155	0	**50**
Corporate Costs	A$/oz	8	21	5	**9**
All-in Sustaining Costs **	**A$/oz**	**1,232**	**1,508**	**1,174**	**1,252**
Project Startup Capital	A$/oz	61	363	453	**273**
Exploration Holding Cost	A$/oz	67	143	125	**103**
All-in Cost **	**A$/oz**	**1,359**	**2,014**	**1,752**	**1,628**

31 December 2015 (six months)		Higginsville	South Kal	CMGP	Group
Physical Summary	Units				
UG Ore Mined	t	328,369	206,612	49,951	**584,932**
UG Grade Mined	g/t	3.58	2.34	0.90	**2.91**
OP BCM Mined	BCM	834,793	496,364	1,860,737	**3,191,894**
OP Ore Mined	t	136,162	155,703	356,311	**648,177**
OP Grade Mined	g/t	1.50	1.46	1.17	**1.31**
Ore Processed	t	589,133	447,415	287,477	**1,324,025**
Head Grade	g/t	2.75	1.66	1.06	**2.02**
Recovery	%	89.81%	90.29%	90.77%	**90.18%**
Gold Produced	oz	47,109	21,637	8,934	**77,680**
Gold Sold	oz	44,329	20,753	5,177	**70,258**
Achieved Gold Price	A$/oz	1,564	1,564	1,564	**1,564**
Cost Summary					
Mining	A$/oz	719	875	728	**763**
Processing	A$/oz	310	307	235	**301**
Admin	A$/oz	120	61	102	**102**
Stockpile Adj	A$/oz	28	-	46	**22**
C1 Cash Cost (produced oz) *	**A$/oz**	**1,177**	**1,243**	**1,111**	**1,188**
Royalties	A$/oz	106	24	42	**76**
Marketing/Cost of sales	A$/oz	2	2	0	**2**
Sustaining Capital	A$/oz	87	130	0	**89**
Corporate Costs	A$/oz	9	22	7	**13**
All-in Sustaining Costs **	**A$/oz**	**1,381**	**1,421**	**1,160**	**1,368**
Project Startup Capital	A$/oz	100	518	2,030	**438**
Exploration Holding Cost	A$/oz	48	74	245	**78**
All-in Cost **	**A$/oz**	**1,529**	**2,013**	**3,435**	**1,884**

REVIEW OF OPERATIONS (continued)

The Fortnum Project

The FGP is centred upon the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill, a 1.0M tpa CIL plant and a 100 person village

Re-permitting and refurbishment of the operation commenced during the period.

The Rover Project

The Rover Project is a postulated undercover repetition of the rich Tennant Creek goldfield 80km to the north-east. Exploration to date has so far tested a small number of anomalies and significant mineralised Iron Oxide Copper Gold (IOCG) systems have been discovered at the Rover 1 and Explorer 142 prospects. In addition, significant lead-zinc-silver discoveries have been made at Explorer 108 and recently at the Curiosity Prospect to its south. The project area is proximal to a major infrastructure corridor adjacent to Central Australian Railway, gas pipeline and Stuart Highway.

End of Directors' Report

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 31 of this report.

Signed in accordance with a resolution of the Directors.

Warren Hallam
Managing Director

28 February 2017

Consolidated Statement of Comprehensive Income for the Half-Year ended 31 December 2016

	Notes	31 December 2016	31 December 2015
Continuing operations			
Revenue	3	127,970,883	36,422,219
Cost of sales		(115,692,163)	(30,666,670)
Gross profit		12,278,720	5,755,549
Other income		2,033,019	1,129,101
Other expenses		(2,769,992)	(3,272,172)
Acquisition and disposal costs		(5,405,867)	(2,930,349)
Finance costs		(262,602)	(62,359)
Share-based payments		(3,809,352)	(309,434)
Fair value change in financial instruments		12,371,917	364,853
Impairment loss on mine properties and development	8 & 19	(72,207,757)	-
Impairment loss on exploration and evaluation expenditure	9	(646,157)	(94,407)
Impairment loss on available-for-sale financial assets	10	-	(60,000)
(Loss)/profit before income tax from continuing operations		(58,418,071)	520,782
Income tax (expense)/benefit	4	(34,182,768)	1,794,350
(Loss)/profit for the period from continuing operations		(92,600,839)	2,315,132
Discontinued operations			
Profit/(loss) from discontinued operations	17	237,765,012	(1,502,791)
Profit for the period		145,164,173	812,341
Other comprehensive income for the period, net of tax			
Items that may be reclassified subsequently to profit or loss			
Reclassification of cumulative fair value changes in available-for-sale financial assets previously recognised in equity to the profit and loss on gaining control of the investee, net of tax		(8,660,342)	-
Changes in the fair value of available-for-sale financial assets, net of tax	10	3,915,140	4,186,816
Other comprehensive income for the period, net of tax		(4,745,202)	4,186,816
Total comprehensive profit for the period		140,418,971	4,999,157
Profit attributable to:			
Members of the parent		145,164,173	812,341
		145,164,173	812,341
Total comprehensive profit attributable to:			
Members of the parent		140,418,971	4,999,157
		140,418,971	4,999,157
Profit/(loss) per share for the profit attributable to the ordinary equity holders of the parent (cents per share)			
Basic profit/(loss) per share			
Continuing operations		(15.92)	0.53
Discontinued operations		40.88	(0.34)
Total operations		24.96	0.19
Diluted profit/(loss) per share			
Continuing operations		(15.92)	0.53
Discontinued operations		40.88	(0.34)
Total operations		24.96	0.19

Consolidated Statement of Financial Position as at 31 December 2016

	Notes	As at 31 December 2016	As at 30 June 2016
CURRENT ASSETS			
Cash and cash equivalents		28,269,528	39,184,787
Trade and other receivables	5	63,036,981	15,799,458
Inventories	6	50,417,739	52,173,412
Prepayments		1,144,055	528,564
Other financial assets		11,568,077	5,802,625
Total current assets		**154,436,380**	**113,488,846**
NON-CURRENT ASSETS			
Property, plant and equipment	7	42,713,733	79,343,202
Mine properties and development costs	8	83,880,771	197,832,376
Exploration and evaluation expenditure	9	3,848,517	165,083,986
Available-for-sale financial assets	10	15,347,112	43,238,834
Total non-current assets		**145,790,133**	**485,498,398**
TOTAL ASSETS		**300,226,513**	**598,987,244**
CURRENT LIABILITIES			
Trade and other payables		31,469,395	68,289,529
Unearned income		-	22,493,125
Interest bearing liabilities		2,996,824	5,201,279
Provisions		5,522,050	5,347,668
Total current liabilities		**39,988,269**	**101,331,601**
NON-CURRENT LIABILITIES			
Unearned income		-	5,812,500
Interest bearing liabilities		6,875,374	10,242,066
Provisions		39,923,994	86,692,744
Total non-current liabilities		**46,799,368**	**102,747,310**
TOTAL LIABILITIES		**86,787,637**	**204,078,911**
NET ASSETS		**213,438,876**	**394,908,333**
EQUITY			
Issued capital	13	252,536,062	407,029,190
Share based payments reserve		24,385,861	20,576,509
Available-for-sale reserves		8,223,502	12,968,704
Accumulated losses		(71,706,549)	(45,666,070)
TOTAL EQUITY		**213,438,876**	**394,908,333**

Consolidated Statement of Cash Flows for the Half-Year ended 31 December 2016

	Notes	31 December 2016	31 December 2015
Cash flows from operating activities			
Receipts from customers		235,472,591	136,161,028
Payments to suppliers and employees		(242,326,517)	(125,819,766)
Interest received		3,725,364	1,004,805
Other receipts		5,453,805	1,272,607
Interest paid		(479,514)	(115,147)
Net cash flows from operating activities		**1,845,729**	**12,503,527**
Cash flows from investing activities			
Payments for plant and equipment		(12,853,081)	(8,866,147)
Payments for mine properties and development		(28,396,782)	(44,820,542)
Payments for exploration and evaluation		(13,593,864)	(14,036,307)
Payments for available-for-sale financial assets		(355,000)	(2,273,740)
Net cash outflow on disposal of subsidiary	17	(96,323,551)	-
Net cash inflow from acquisition of subsidiary	18	31,417,194	-
Proceeds from sale of property plant and equipment		19,091	180,608
Advances in relation to interest bearing receivables		(500,000)	(579,484)
Net cash flows used in investing activities		**(120,585,993)**	**(70,395,612)**
Cash flows from financing activities			
Proceeds from share issues		115,639,413	-
Payments for share issue costs		(5,232,178)	(66,114)
Payments for dividends		(1,383)	(9,903,896)
Repayment of performance bond		(250,000)	-
Repayment of borrowings		(2,330,847)	(858,272)
Net cash flows from/(used in) financing activities		**107,825,005**	**(10,828,282)**
Net decrease in cash and cash equivalents		(10,915,259)	(68,720,367)
Cash at the beginning of the financial period		39,184,787	99,037,845
Cash and cash equivalents at the end of the period		**28,269,528**	**30,317,478**

Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2016

	Issued capital $	Accumulated losses $	Share based payments reserve $	Available-for-sale reserve $	Total Equity $
At 1 July 2016	407,029,190	(45,666,070)	20,576,509	12,968,704	394,908,333
Profit for the period	-	145,164,173	-	-	145,164,173
Other comprehensive income, net of tax	-	-	-	(4,745,202)	(4,745,202)
Total comprehensive income and expense for the half-year, net of tax	-	145,164,173	-	(4,745,202)	140,418,971
Transactions with owners in their capacity as owners					
Capital reduction via share distribution (refer to note 17)	(341,913,376)	-	-	-	(341,913,376)
Issue of share capital	192,652,426	-	-	-	192,652,426
Share issue costs	(5,232,178)	-	-	-	(5,232,178)
Share-based payments	-	-	3,809,352	-	3,809,352
Demerger Dividend (refer to note 17)	-	(171,204,652)	-	-	(171,204,652)
At 31 December 2016	252,536,062	(71,706,549)	24,385,861	8,223,502	213,438,876

	Issued capital $	Accumulated losses $	Share based payments reserve $	Available-for-sale reserve $	Total Equity $
At 1 July 2015	332,851,798	(9,769,564)	19,961,005	3,223,335	346,266,574
Profit for the period	-	812,341	-	-	812,341
Other comprehensive income, net of tax	-	-	-	4,186,816	4,186,816
Total comprehensive income and expense for the half-year, net of tax	-	812,341	-	4,186,816	4,999,157
Transactions with owners in their capacity as owners					
Issue of share capital	52,826,500	-	-	-	52,826,500
Share issue costs	(66,114)	-	-	-	(66,114)
Share-based payments	-	-	309,434	-	309,434
Dividends	-	(12,272,315)	-	-	(12,272,315)
At 31 December 2015	385,612,184	(21,229,538)	20,270,439	7,410,151	392,063,236

Notes to the Financial Statements for the Half-Year ended 31 December 2016

1. CORPORATE INFORMATION

The financial report of Metals X for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 28 February 2017.

Metals X is a for profit company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

The address of the registered office is Level 3, 18 – 32 Parliament Place, West Perth, WA 6005.

2. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of preparation of the half-year financial report

This general purpose condensed consolidated financial report for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report of Metals X for the year ended 30 June 2016 and considered together with any public announcements made by Metals X and its controlled entities during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

Amended accounting policies:

Copper sales

Sales revenue is subject to adjustment based on final assay results. In addition, the terms of the sales contracts for copper concentrate contain provisional pricing arrangements. Adjustments to the sales price are based on movements in metal prices up to the date of final pricing. Final settlement is between 3 and 4 months after the date of delivery (the "quotational period") with pricing based on the average LME copper price for the month of settlement. The revenue adjustment mechanism embedded within the sales contract has the characteristics of a commodity derivative which significantly modifies the cash flows under the contract. The Consolidated Entity has decided to designate the trade receivables arising on initial recognition of the sales transaction as a financial asset at fair value through profit and loss and not separately account for the embedded derivative. Accordingly, the fair value of the receivable is re-estimated continuously and changes in fair value recognised as an adjustment to revenue in the income statement**.**

Trade receivables

On initial recognition copper trade receivables are designated at fair value through profit and loss, accordingly trade receivables are measured at fair value as at reporting date. Credit balances are reclassified to trade and other payables.

The majority of sales revenue is invoiced and received in US dollars.

Generally 100% of the copper cathode sales invoice value is to be settled within 10 days of presentation of delivery documents.

Notes to the Financial Statements for the Half-Year ended 31 December 2016 (continued)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

In the case of copper concentrate, on presentation of documents the customer settles 90% of the provisional invoice value within 3-5 days of receipt of consignment and the remaining 10% is settled within 3-5 days of presentation of the final invoice at the end of the quotational period.

(b) Basis of consolidation

The half-year report is comprised of the financial statements of Metals X and its controlled entities (the Consolidated Entity).

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Controlled entities are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

(c) New and amended accounting standards and interpretations

Since 1 July 2016, the Consolidated Entity has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on or after 1 July 2016. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity. The accounting policies adopted are consistent with those followed in the preparation of the Consolidated Entity's annual consolidated financial statements for the year ended 30 June 2016 except for the amendments discussed in note 2(a) above. The Consolidated Entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Financial Statements for the Half-Year ended 31 December 2016 (continued)

3. REVENUE

	31 December 2016	31 December 2015
Tin sales	40,193,430	35,533,490
Copper sales (a)	86,601,154	-
Interest received	1,176,299	888,729
Total revenue	127,970,883	36,422,219

(a) Total copper sales for the period was 12,437 tonnes (2015: Nil), out of which 8,178 tonnes (2015: Nil) of copper, provisionally sold at the reporting date, has been revalued at a weighted average price of US$5,500 (2015: Nil). The net movement in trade receivables due to fair value adjustments is an increase of $5,414,829 (2015: Nil) which has been included in revenue from the sale of copper.

4. INCOME TAX

Following the demerger of the gold business unit, a deferred tax asset amounting to $32,149,109 previously recognised by the Consolidated Entity to offset deferred tax liabilities relating to the gold business unit was derecognised. The deferred tax asset will not qualify for recognition as it is not probable that future taxable profit will be available against which the deferred tax asset can be utilised. The deferred tax asset was derecognised and an income tax expense of $32,149,109 was recognised in profit and loss. In addition, an income tax expense of $2,033,659 has been recognised in profit and loss on the fair value movement of available-for-sale financial assets.

5. TRADE AND OTHER RECEIVABLES

	31 December 2016	30 June 2016
Trade receivables at fair value (a)	42,606,693	-
Other trade receivables	5,337,969	2,901,113
Other debtors	15,092,319	12,898,345
	63,036,981	15,799,458

(a) As at 31 December 2016 copper sales totalling 8,178 tonnes remained open to price adjustment (2015: Nil).

6. INVENTORIES

During the half-year ended 31 December 2016 there was a net inventory write-down of $3,868,692 relating to stores and spares (2015: $674,832) for the Consolidated Entity. This amount is included in the cost of sales line in the statement of comprehensive income. Inventory write-downs relate to inventories being valued at net realisable value which is lower than cost.

7. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 31 December 2016 the Consolidated Entity paid $12,853,081 (2015: $8,866,147) in relation to property, plant and equipment acquisitions. In addition, property, plant and equipment acquired as part of the Aditya Birla Minerals Limited acquisition was also recorded (refer to note 18).

Notes to the Financial Statements for the Half-Year ended 31 December 2016 (continued)

8. MINE PROPERTIES AND DEVELOPMENT

During the half-year ended 31 December 2016 the Consolidated Entity paid $28,396,782 (2015: $44,820,542) in relation to mine properties and developments costs. In addition, mine properties and development costs acquired as part of the Aditya Birla Minerals Limited acquisition were also recorded (refer to note 18).

An assessment of the carrying value was performed on the Central Musgraves Nickel Project and an impairment loss of $72,207,757 (2015: Nil) was recognised in profit and loss (refer to note 19).

9. EXPLORATION AND EVALUATION EXPENDITURE

During the half-year ended 31 December 2016 the Consolidated Entity paid $13,593,864 (2015: $14,036,307) in relation to exploration and evaluation expenditure.

In the previous period Metals X issued shares to acquire the Mt Henry Gold Project and Fortnum Gold Project exploration and evaluation assets for a total value of $60,697,817.

During the period a review was undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. In assessing the carrying value of all of the Consolidated Entity's projects certain expenditure on exploration and evaluation of mineral resources has not led to the discovery of commercially viable quantities of mineral resources. In relation to these areas the carrying value was written down to nil and an impairment loss of $646,157 (2015: $94,407) relating to the nickel division was recognised in profit or loss refer to note 19).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) The Company has a 6.69% (30 June 2016: 7.10%) interest in Brainchip Holdings Limited (Brainchip), which is involved in the development of neural computing technology. Brainchip is listed on the Australian Securities Exchange (ASX). At the end of the period the Company's investment was $15,137,112 (30 June 2016: $7,292,444) which is based on Brainchip's quoted share price.

(b) The Company has a 0.96% (30 June 2016: 1.22%) interest in RNI NL (RNI), which is involved in the exploration of base metals in Australia. RNI is listed on the Australian Securities Exchange. At the end of the period the Company's investment was $210,000 (30 June 2016: $195,000) which is based on RNÍ's quoted share price, in the previous period the market value of the investment was lower than the carrying value, and the Company recognised an impairment loss of $60,000.

(c) At 30 June 2016 the Company had a 32.60% interest in Aditya Birla which is involved in the mining and exploration of base metals in Australia. Aditya Birla was listed on the Australian Securities Exchange. The fair value of the Company's investment was $35,751,390 which was based on Aditya Birla's quoted share price. During the period the Company acquired 100% of the issued capital in Aditya Birla via an off-market takeover (refer to note 18).

11. SHARE BASED PAYMENTS

During the half-year ended 31 December 2016 the Consolidated entity recognised $3,809,352 for share based payments (2015: $309,434) in the profit and loss.

Pursuant to the demerger of Westgold the Board of Metals X determined that the 3,388,155 Performance Rights on issue would vest and be exercisable prior to the Demerger. The performance rights vested and were converted into shares in the Company on 25 November 2016.

Notes to the Financial Statements for the Half-Year ended 31 December 2016 (continued)

12. DIVIDENDS PAID

	31 December 2016	31 December 2015
Declared and paid during the period		
No dividends were declared and paid for 2016 (2015: partially franked dividend $0.0295 (26% franked at 30%))	-	12,272,313

The company also made a distribution to shareholders during the period as part of the gold business unit demerger (refer to note 17).

13. ISSUED CAPITAL

	31 December 2016	30 June 2016
ISSUED CAPITAL		
Ordinary shares		
Issued and fully paid	252,536,062	407,029,190

	Number of shares on issue	$
Movements in ordinary shares on issue		
At 1 July 2016	**479,685,300**	**407,029,190**
Capital reduction via demerger (refer to note 17)	-	(341,913,376)
Issue share capital	129,655,603	192,652,426
Share issue costs	-	(5,232,178)
At 31 December 2016	609,340,903	252,536,062
At 1 July 2015	**416,010,939**	**332,851,798**
Issue share capital	61,504,262	71,817,861
Issue share capital under dividend reinvestment plan	2,170,099	2,476,499
Share issue costs	-	(116,968)
At 30 June 2016	479,685,300	407,029,190

14. COMMITMENTS AND CONTINGENCIES

Commitments

At 31 December 2016 the Consolidated Entity had the following commitments:

- capital expenditure commitments of $1,536,476 principally relating to plant and equipment upgrades and replacements at the Renison Tin Project and Nifty Copper Operation (30 June 2016: $2,688,982);
- lease expenditure commitments of $2,292,872 relating to tenements on which mining and exploration operations are located (30 June 2016: $89,223,413).

Contingencies

Since the last annual reporting date, there has been no material change in any other commitments or contingencies of the Consolidated Entity.

Movements in commitments is primarily the result of the gold division demerger during the period.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

15. OPERATING SEGMENTS

The following table presents revenue and profit information regarding the Consolidated Entity's operating segments for the half-years ended 31 December 2016 and 31 December 2015.

					Discontinued Operations						
Half-year ended 31 December 2016	**Renison Tin Project**	**Wingellina Nickel Project**	**Nifty Copper Project**	**Maroochydore Copper Project**	**Higginsville Gold Project**	**South Kal Gold Project**	**Central Murchison Gold Project**	**Fortnum Gold Project**	**Northern Territory Gold Projects**	**Adjustments and eliminations**	**Total**
Revenue											
External customers	40,399,872	-	86,394,711	-	69,697,305	28,721,365	64,707,355	-	-	-	289,920,608
Total revenue	**40,399,872**	**-**	**86,394,711**	**-**	**69,697,305**	**28,721,365**	**64,707,355**	**-**	**-**	**-**	**289,920,608**
Results											
Segment profit/(loss)	**11,434,557**	**(72,891,502)**	**(403,242)**	**-**	**5,752,122**	**(2,381,874)**	**6,198,161**	**48,079**	**(12,776)**	**72,316,244**	**20,059,769**

Half-year ended 31 December 2015	**Renison Tin Project**	**Wingellina Nickel Project**	**Nifty Copper Project**	**Maroochydore Copper Project**	**Higginsville Gold Project**	**South Kal Gold Project**	**Central Murchison Gold Project**	**Fortnum Gold Project**	**Northern Territory Gold Projects**	**Adjustments and eliminations**	**Total**
Revenue											
External customers	35,533,490	-	-	-	68,278,432	33,140,142	8,452,909	-	-	-	145,404,973
Total revenue	**35,533,490**	**-**	**-**	**-**	**68,278,432**	**33,140,142**	**8,452,909**	**-**	**-**	**-**	**145,404,973**
Results											
Segment profit/(loss)	**4,828,306**	**(126,077)**	**-**	**-**	**315,955**	**(624,240)**	**(982,640)**	**(238,904)**	**(20,616)**	**68,986**	**3,220,770**

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

15. OPERATING SEGMENTS (continued)

The following table presents segment assets of the Consolidated Entity's operating segments as at 31 December 2016 and 30 June 2016.

					Discontinued Operations						
	Renison Tin Project	Wingellina Nickel Project	Nifty Copper Project	Maroochydore Copper Project	Higginsville Gold Project	South Kal Gold Project	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Gold Projects	Adjustments and eliminations	Total
Segment assets											
As at 31 December 2016	**88,916,973**	**281,087**	**148,828,294**	**2,150,354**	**-**	**-**	**-**	**-**	**-**	**-**	**240,176,708**
As at 30 June 2016	**82,733,985**	**72,682,323**	**-**	**-**	**75,473,457**	**48,966,587**	**176,474,827**	**36,584,238**	**17,424,394**	**-**	**510,339,811**
Segment liabilities											
As at 31 December 2016	**(19,187,205)**	**(47,807)**	**(61,947,267)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(81,182,279)**
As at 30 June 2016	**(16,259,471)**	**(174,209)**	**-**	**-**	**(45,883,925)**	**(39,060,748)**	**(58,685,165)**	**(11,873,268)**	**(1,428)**	**-**	**(171,938,214)**

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

15. OPERATING SEGMENTS (continued)

Unallocated, adjustments and eliminations

Finance income and costs, fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Consolidated Entity basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Consolidated Entity basis.

Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are not allocated to operating segments.

There has been no change in the basis of segmentation or in the basis of measurement of segment profit from those used in the last annual financial statements.

Reconciliation of Revenue	**31 December 2016**	**31 December 2015**
Segment revenue	**289,920,608**	**145,404,973**
Interest revenue	1,176,506	889,927
Group revenue	**291,097,114**	**146,294,900**
Reconciliation of Profit		
Segment profit	**20,059,769**	**3,220,770**
Corporate administration expenses	(2,769,992)	(3,272,172)
Corporate interest income	1,176,506	889,927
Other income	2,033,019	1,129,101
Finance costs	(262,602)	(62,359)
Fair value change in financial instruments	12,371,917	364,853
Impairment loss on available-for-sale financial assets	-	(60,000)
Impairment loss on mine properties and development	(72,207,757)	-
Acquisition and disposal costs	(5,405,867)	(2,930,349)
Share-based payments	(3,809,352)	(309,434)
Profit/(loss) from discontinued operations	(9,603,712)	1,550,445
Total consolidated profit before income tax from continuing operations	**(58,418,071)**	**520,782**

Reconciliation of Assets	**31 December 2016**	**30 June 2016**
Segment operating assets	**240,176,708**	**510,339,811**
Unallocated corporate assets		
Cash and cash equivalents	26,807,531	41,985,917
Trade and other receivables	6,009,109	2,736,458
Prepayments	124,974	112,779
Other financial assets	11,175,319	-
Available-for-sale financial assets	15,347,111	43,238,833
Property, plant and equipment	585,761	573,446
Deferred tax asset	-	-
Group operating assets	**300,226,513**	**598,987,244**
Reconciliation of Liabilites		
Segment operating liabilities	**81,182,279**	**171,938,214**
Unallocated corporate liabilities		
Trade and other payables	4,816,760	23,893,871
Provision for employee benefits	769,481	1,810,935
Interest bearing loans and borrowings	19,117	6,435,891
Group operating liabilities	**86,787,637**	**204,078,911**

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

All financial instruments carrying values are a reasonable approximation of their fair value.

Fair Value hierarchy

The Consolidated Entity held the following financial instruments measured at fair value:

	31 December 2016			
	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	Total
Financial Assets				
Trade receivables				
Copper sales	-	42,606,693	-	42,606,693
Available-for-sale financial assets				
Listed investments	15,347,112	-	-	15,347,112
	15,347,112	42,606,693	-	57,953,805

	30 June 2016			
	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	Total
Financial Assets				
Available-for-sale financial assets				
Listed investments	43,238,834	-	-	43,238,834
	43,238,834	-	-	43,238,834

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

The fair values of receivables from or payables to customers are calculated using a discounted cash flow analysis which is performed using the applicable forward LME prices and current market interest rates.

Transfer between categories

There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement.

The table above illustrates the classification of the Consolidated Entity’s financial instruments based on the fair value hierarchy. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

17. DISCONTINUED OPERATION – DISTRIBUTION OF CONTROLLED ENTITIES

On 1 December 2016, Westgold was demerged from the Metals X Consolidated Group, following approval by Metals X Shareholders at an Extraordinary General Meeting held on 24 November 2016. Existing Metals X shareholders received shares in Westgold on a 1 Westgold share for every 2 Metals X shares held (in specie distribution).

The fair value of Westgold at demerger was $513,118,030, which was determined by multiplying the number of Westgold shares on issue (304,671,487) by the VWAP ($1.684) over the first five days of trading on the ASX.

The results of the discontinued operation included in the statement of profit or loss and other comprehensive income are set out below.

	31 December 2016	31 December 2015
Results of the discontinued operations:		
Revenue	163,126,231	109,872,681
Expenses	(155,466,105)	(111,257,270)
Gross profit/(loss)	7,660,126	(1,384,589)
Other income	2,236,694	1,296,080
Other expenses	(154,670)	(208,381)
Finance costs	(481,033)	(1,205,901)
Gain on distribution of controlled entities	228,503,915	-
Profit/(loss) before tax	**237,765,032**	**(1,502,791)**
Income tax	(20)	-
Profit/(loss) for the period from discontinued operations	**237,765,012**	**(1,502,791)**
Cash flow information from discontinued operations:		
Operating activities	6,984,139	5,746,832
Investing activities	(44,370,328)	(61,917,558)
Financing activities	133,231,424	50,629,262
Net cash inflow/(outflow)	**95,845,235**	**(5,541,464)**
Carrying value of net assets of discontinued operations:		
Assets		
Cash and cash equivalents	96,323,551	
Trade and other receivables	5,228,674	
Inventories	49,172,005	
Prepayments	605,398	
Property, plant and equipment	65,958,451	
Mine properties and development costs	77,995,594	
Exploration and evaluation expenditure	176,183,175	
	471,466,848	
Liabilities		
Trade and other payables	(8,789,270)	
Unearned income	(19,375,000)	
Interest bearing liabilities	(7,269,709)	
Provisions	(119,269,645)	
Deferred tax asset	(32,149,109)	
	(186,852,733)	
Net assets and liabilities disposed of	**284,614,115**	
Reduction in share capital	(341,913,378)	
Demerger dividend	(171,204,652)	
Gain on distribution of controlled entities	**(228,503,915)**	

Entities disposed were: Westgold Resources Limited, Aragon Resources Pty Ltd, Big Bell Gold Operations Pty Ltd, Castile Resources Pty Ltd, Hill 51 Pty Ltd, Avoca Resources Pty Ltd, Avoca Mining Pty Ltd, Dioro Exploration Pty Ltd, HBJ Minerals Pty Ltd and Hampton Gold Mining Areas Limited.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

18. BUSINESS COMBINATION

Acquisition of Aditya Birla Minerals Limited

On 15 October 2015 the Company announced an off-market takeover offer to acquire 100% of the ordinary shares in Aditya Birla Minerals Limited (Aditya Birla), a publicly listed Australian company which owns copper projects in Western Australia. The original offer of 1 Metals X shares for every 5 Aditya Birla share was increased on 7 December 2015 to 1 Metals X shares for every 4.75 Aditya Birla share. At 30 June 2016 the Company held 32.6% of Aditya Birla that was valued at $35,751,390.

On 18 July 2016 the unconditional offer was increased to 1 Metals X share for every 4.5 Aditya Birla share, plus $0.08 in cash for every Aditya Birla share. On 20 July the Company gained control of Aditya Birla. On 22 July 2016 the Company obtained over 90% acceptances under the offer and proceeded to compulsory acquire the remaining interests in Aditya Birla. The Company completed the 100% acquisition on 28 August 2016. There were additional costs of $8,171,746 and 1,194,757 Metals X shares with a fair value of $1,911,611 paid to the Aditya Birla shareholders who accepted the offer prior to the increase in consideration on 22 July 2016 that has been expensed in the profit and loss along with a gain of $22,455,274 relating to the 32.6% previously held interest in Aditya Birla. The acquisition has been accounted for using the acquisition method.

Assets acquired and liabilities assumed

In accordance with the Accounting Standard AASB 3 'Business Combinations', the Company is able to provisionally determine the initial accounting for the acquisition. At the date of this report, the fair value of assets and liabilities have been provisionally determined based on the directors' best estimate of their likely fair value. These amounts may be amended when further information to support these values is obtained. The provisional fair values of the identifiable assets and liabilities as at the date of acquisition are:

	Provisional fair value recognised on acquisition
Assets	
Cash and cash equivalents	56,486,998
Trade and other receivables	20,106,538
Other assets	1,444,469
Derivative financial instruments	492,281
Other financial assets	7,620,000
Inventories	28,338,924
Property, plant and equipment	24,474,940
Mine properties and development costs	53,811,271
Exploration and evaluation expenditure	2,000,000
	194,775,421
Liabilities	
Trade and other payables	17,532,772
Provisions	41,320,053
	58,852,825
Total identifiable net assets as fair value	**135,922,596**
Fair value of previously held investment in Aditya Birla at date of control of 32.6% *	43,923,135
Fair value of Metals X shares (46,938,925 ordinary shares) **	75,101,402
Cash paid	16,898,058
Purchase consideration transferred	**135,922,595**

* Fair value was based on Aditya Birla share price on the date control was gained.

** Fair value was based on Metals X share price on the date control was gained.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

18. BUSINESS COMBINATION (continued)

Analysis of cash flows on acquisition:	
Cash paid	(16,898,058)
Cash acquired with the subsidiary	56,486,998
Net cash flow	**39,588,940**

From the date of acquisition, Aditya Birla contributed $88,087,381 of revenue and $1,377,266 to the profit before tax from continuing operations for the Consolidated Entity. If the combination had occurred on 1 July 2016, revenue from continuing operations would have been $153,203,797 and loss before tax from continuing operations for the Consolidated Entity would have been $56,965,705.

The fair value of the trade receivables amounts to $20,106,538 which is the gross amount of trade receivables. None of the receivables have been impaired and it is expected that the full contractual amount can be collected.

Transaction costs relating to external legal fees, consultants fees, technical fees and due diligence costs of $4,137,861 have been expensed and are included in the profit and loss.

19. IMPAIRMENT OF ASSETS

In accordance with the Consolidated Entity's accounting policies and processes, non-financial assets are reviewed each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. In assessing whether an impairment is required for the carrying value of an asset, its carrying value is compared to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use.

Methodology

The future recoverability of assets is dependent on a number of key factors including; commodity price, discount rates used in determining the estimated discounted cash flow, foreign exchange rates, the level of proved and probable reserves and measured, indicated and inferred mineral resources, future technological changes which could impact the cost of mining, and future legal changes (including changes to environmental restoration obligations). Impairment is recognised when the carrying amount of the assets exceeds its recoverable amount.

When fair value less cost of disposal (FVLCD) is used, fair value is estimated based on discounted cash flows using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements. Consideration is also given to analysts' valuations, and the market value of the Company's securities. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy.

31 December 2016 Assessment

As a result of the Consolidated Entity's 31 December 2016 impairment indicator review, an assessment of the recoverable amount for all of its cash generating units (CGUs) with impairment indicators was performed. An indicator for the Central Musgraves Nickel Project (CMNP) CGU was identified, with factors considered including a lower USD nickel price, increase in market interest rates and other changes to nickel market conditions, which have impacted the return expected by a market participant. This has resulted in impairment charge for the CMNP based on FVLCD.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

19. IMPAIRMENT OF ASSETS (continued)

Due to the early development stage and the capital investment required to develop this project, the Consolidated Entity determined that the value in use method was not appropriate to determine the recoverable amount and therefore utilised the fair value less cost of disposal method.

The Consolidated Entity utilised a discounted cash flow (DCF) model to determine the fair value of CMNP due to the absence of market prices and recent transactions for an asset of a similar nature. The Consolidated Entity developed a DCF model based upon the existing CMNP feasibility study. The DCF was updated to incorporate current commodity prices, exchange rates, interest rates, debt to equity ratio assumptions and discount rates based upon the weighted average cost of capital for CMNP. The DCF model indicated a negative cash flow over the life of the project. An impairment loss of $72,857,914 was therefore recognised to reduce the carrying amount of the CMNP to nil.

Key Assumptions underpinning the CMGP Impairment Assessment

The table below summarises the key assumptions used in the carrying value assessment, no reasonably possible changes in key assumptions would change this outcome:

Details	31 December 2016
Nickel price (US$ per tonne)	$16,233
Cobalt price (US$ per tonne)	$30,000
Exchange rate (AUD/USD)	$0.76
Discount rate % (post tax)	14%

Commodity prices and exchange rates

Commodity price and foreign exchange rates are estimated with reference to external market forecasts, and updated at least twice annually. The rates applied to the valuation have regard to observable market data.

Discount rate

In determining the fair value of assets, the future cash flows were discounted using rates based on the Consolidated Entity's estimated real weighted average cost of capital, with an additional premium applied having regard to the project's stage of development.

Statement of Financial Position

The impairment charges have been allocated to the Consolidated Entity's non-current assets as below:

Central Musgraves Nickel Project	Carrying Value	Impairment loss	Recoverable amount
Mine properties and development	$72,207,757	$72,207,757	-
Exploration and evaluation expenditure	$646,157	$646,157	-
Total	**$72,853,914**	**$72,853,914**	**-**

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

20. EVENTS AFTER THE BALANCE DATE

SHARE BASED PAYMENTS

Under the Company's Employee Share and Option Plan (ESOP) approved at the Annual General Meeting on 24 November 2016, share options are issued to senior employees and Directors (subject to shareholder approval) as a part of their remuneration.

On 20 January 2017, 5,250,000 share options were granted to senior employees and 2,000,000 options to directors under the ESOP. The options will become exercisable on 20 January 2018 and expire on 20 January 2020. No amount has been recognised in the current period for options issued.

Directors' Declaration

In accordance with a resolution of the directors of Metals X Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the Consolidated Entity; and

  (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Warren Hallam
Managing Director
28 February 2017

Auditor's Independence Declaration

Building a better
working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the Directors of Metals X Limited

As lead auditor for the review of Metals X Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Metals X Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Darren Lewsen
Partner
28 February 2017

PT:RH:METALSX:006

Independent Review Report

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

To the members of Metals X Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Metals X Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, other information and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls that the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001. As the auditor of Metals X Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

PT:RH:METALSX:005

Independent Review Report (continued)

EY
Building a better working world

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Metals X Limited is not in accordance with:

a. the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

   ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Darren Lewsen
Partner
Perth
28 February 2017

PT:RH:METALSX:005