METALS X LIMITED

ACN 110 150 055

Half-Year Financial Report
31 December 2012

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 2.

Directors
Peter Newton (Chairman)
Peter Cook (CEO)
Warren Hallam
Scott Huffadine
Andrew Ferguson
Simon Heggen
Xie Penggen
Yimin Zhang (Alternate for Xie Penggen)

Company Secretary
Fiona Van Maanen

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

Registered Office
Level 3
123 Adelaide Terrace
EAST PERTH WA 6004

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

Postal Address
GPO Box 2606
PERTH WA 6001

Securities Exchange
Listed on the Australian Securities Exchange

Codes: MLX

Domicile and Country of Incorporation
Australia

CONTENTS

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2012.

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 (Chairman) (appointed 14 December 2012)
Peter Cook (CEO)
Warren Hallam
Scott Huffadine (appointed 18 October 2012)
Andrew Ferguson (appointed 10 May 2012)
Simon Heggen (appointed 25 October 2012)
Dean Will (resigned 14 December 2012)
Xie Penggen
Yimin Zhang (Alternate for Xie Penggen)

REVIEW AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The consolidated total profit after income tax for the half-year was $15,569,051 (2011: $31,182,809 loss after income tax).

The results reflect:

- A profit on the sale of Independence Group NL investment of $6,022,731.
- Tin sales revenue for the half-year from the Renison Tin Project (50% owned) was 28% higher compared with the equivalent period in the 2011 year. This is mainly due to an increase in tin production from higher grade areas in the mine that are now being accessed.
- Impairment losses on “available-for-sale financial assets” of $1,176,000 as a result of a decline in the share price of Mongolian Resource Corporation Limited.
- Reversal of impairment loss on “investment in associate” of $2,905,137 due to an increase in the share price of Westgold Resources Limited. Impairment loss on “investment in associate” of $893,757 due to a decline in the share price of Aziana Limited.
- Recognition of an income tax benefit of $10,631,769 associated with the acquisition of subsidiary Westgold Resources Limited.

REVIEW OF OPERATIONS

TIN DIVISION

Metals X is a globally significant tin producer through its 50% ownership of the Bluestone Mines Tasmania Joint Venture. The key assets of the Joint Venture are the world class Renison Tin Mine, a 700,000tpa tin concentrator, the Renison Expansion Project (Rentails) and the Mount Bischoff Project.

Renison Tin Project (50%)

The Renison Tin Project is located approximately 15km north-east of Zeehan on Tasmania’s west coast. The Mount Bischoff open pit mine (not operational) is located approximately 80km north of the Renison Tin Project.

The net operating profit before income tax for the Renison Project for the financial period was $3,963,706 compared to a loss of $4,751,144 for the previous corresponding period. The operating profit for the current financial period is due to an increase in revenue resulting from improved productivity and financial outputs during the period.

Revenue from tin and to a lesser extent, copper concentrate sales from the Renison Project for the current financial period was $33,322,225 compared to revenue of $26,109,124 for the previous period.

REVIEW OF OPERATIONS (continued)

The Consolidated Entity's interest in the performance of the Renison Tin Project (50% equitable share) for the period to 31 December 2012 is summarised below:

Renison Underground Mine	December 2012 Half Year	December 2011 Half Year
Ore Hoisted	159,343 tonnes	129,213 tonnes
Grade	1.56% Sn	1.50% Sn
Tin Concentration		
Tonnes Processed	159,046 tonnes	130,455 tonnes
Grade	1.56% Sn	1.46% Sn
Tin Metal Produced	1,643 tonnes	1,219 tonnes
Tin Concentrate Grade	54.4% Sn	53.7% Sn
Tin Concentrate Produced	3,022 tonnes	2,270 tonnes
Average Tin Price	$19,612	$22,088

Renison Underground Mine (50%)

The Renison underground mine performance improved during the period. The increases in productivity resulted from increased flexibility of mining options including the access to higher-grade development and stoping areas in the recently dewatered and refurbished North Renison Decline. For the first time since the Company's ownership the whole of the Renison ore complex is now open and available for mining.

The Renison mine is in a strong position going forward with the full extents of the mine available for production and a growing Mineral Resource and Ore Reserve base. Over the past year a substantial investment in future capital mine development has been completed to enable sustainable higher production. Currently the mine has 590,000 tonnes of fully developed ore and 2,100,000 tonnes of capitally developed ore stocks.

During the period, and in-line with nearing end of the existing mine contract, a commercial tender process was undertaken to select the mining contractor for future works. Subsequent to the end of the period, and after detailed and competitive commercial negotiations, the forward mining contract works will be undertaken by a new contractor for the next 3 years commencing on 6 March 2013. A change management process has been put in place to mitigate production losses as a result of the changeover, however productivity losses for the first quarter of 2013 are anticipated.

Renison Tin Concentrator

The Renison Tin Concentrator performance was generally dictated by the mine performance throughout the period. The plant throughput benefitted from the addition of ore from the northern area of the mine with the processing plant exceeding nameplate capacity on numerous occasions. Copper production was intermittent during the period due to high talc levels and utilisation of the copper circuit to improve tin recoveries.

Approximately 52t (50%) of copper in concentrate were produced and 267t (50%) sold during the period. Copper production will be opportunistic going forward with a priority on maximizing tin recoveries.

Renison Exploration

Underground and surface exploration continued to focus on the upgrading and extension of the Resources and Reserves in the underground mine and on near surface targets within the Renison mining lease.

Of significance during the period was the delineation of continuous higher-grade zones in the Central Federal Bassett ("CFB") area, which conveniently is located close to existing decline infrastructure. Its potential as a new, independent production area was identified in early 2012 and has been the focus of a structured resource definition drilling campaign. It is anticipated that ore reserve additions from the CFB area will be declared in early 2013.

REVIEW OF OPERATIONS (continued)

Renison Mineral Resource and Mining Reserves

The success of exploration works during the period has resulted in an increase in the Mining Reserve Estimates. The total Mining Reserve Estimate (as at 31 December 2012) of tin metal for the Renison underground mine was increased by 20% (in addition to depletion from mine production), to 55,026t of contained tin.

Metals X's share of mineral resources from its Tasmanian tin project is globally significant and totals 15.9Mt at 0.8% Sn containing 125,870t of tin metal (refer to page 10 for Resource and Reserve Estimates).

Mount Bischoff (50%)

Mount Bischoff is a significant deposit, in its own right producing in excess of 60,000t of tin metal since the late 1800's. Open pit mining since 2009 has produced approximately a further 5,000t of tin metal. Significant tin resources remain at depth under the Mount Bischoff pit and numerous historically mined areas remain underexplored.

The current strategy for the Mount Bischoff project is to remain in care and maintenance in the short term whilst exploration and options for further underground and open pit mining are evaluated.

Renison Expansion Project ("Rentails") – (50%)

The Rentails Project strategy is to build a new tin concentrator plant and tin fumer specifically to recover the 87,800t of tin and 41,800t of copper in tailings stored at the mine site. The ore reserves for the Rentails Project are 19.62Mt at 0.45% tin and 0.21% copper.

Metals X completed a Definitive Feasibility Study ("DFS") for the Expansion Project in 2009 into the mining and re-processing of the tailings for the recovery of tin and copper. The study concluded that an integrated 2Mtpa tin-concentrator and fumer plant (proven technology) could be constructed and produce approximately 5,300t of tin and 2,000t of copper contained in concentrates per annum. Financial outcomes estimated an average total cash cost of production of A$11,875 per tonne of tin after copper credits, assuming a copper price of A$6,250 (current copper price A$8,300). Capital costs were estimated to be A$194M +/- 15%.

The proposed process route uses proven technology and has developed a robust circuit for the recovery of both tin and copper. In addition, the project would allow for the treatment of other tin sulphide (stannite) ore bodies within the region, which are not currently viable under conventional tin processing routes, as they require tin fuming.

Metals X is currently working with its Renison Joint Venture partners to validate the feasibility study in preparation for committing to the project development when tin prices return to anticipated higher and sustainable levels.

Collingwood Tin Project

The Company's Collingwood Tin Project is located in Far North Queensland approximately 30km south of Cooktown. The operation was put on care and maintenance in May 2008.

REVIEW OF OPERATIONS (continued)

GOLD DIVISION

On 17 October 2012 the Company acquired all of the shares of Westgold Resources Limited ("Westgold") by merger via a scheme of arrangement. Westgold shareholders overwhelmingly approved the merger and Westgold became a wholly owned subsidiary of Metals X creating the cornerstone for Metals X's Gold Division.

The major assets of the gold division are two development ready projects:

- The Central Murchison Gold Project - Western Australia; and
- The Rover Project - Tennant Creek Region, Northern Territory.

Central Murchison Gold Project ("CMGP")

The CMGP straddles the three historic gold mining centres of Big Bell, Cuddingwarra and Day Dawn, which host an aggregate Total Mineral Resource Estimate of 4.96M ounces of gold (61.6Mt @ 2.52g/t Au) from a number of higher-grade underground, lower-grade open pit sources and stockpiles within the project area. Historical production from the Central Murchison area is in excess of 5Moz of gold with Metals X's tenements covering some of the most prospective ground in the region and some of the largest single mines.

A DFS was completed on the CMGP, which concludes that a long-life gold project can be established, with the key outcomes including:

- An estimated (pre-tax) NPV_8% of A$141.9M.
- Average Life of Mine cash operating costs of A$979 per ounce.
- Life of Mine Revenue of A$1.76 billion and EBITDA of A$692M.
- A pre-production Capital Cost estimate (including process plant contingency & EPCM) of A$117.1M.
- A combination of ore sources including stockpiles, lower-grade open pits and higher-grade sustainable underground mines with a three year ramp-up to steady state production.
- Significant scope for Ore Reserve increases from resource to reserve conversions of deeper resources in the underground mines (over time), the consideration for extraction of historic mine remnants (particularly Great Fingall) and evaluation of open pit and underground mining scenarios at Cuddingwarra, which are yet to be considered.
- Simple low risk Carbon in Leach processing plant of 1.2Mtpa capacity designed and costed by expert consultants, GR Engineering Services.
- The Probable Mining Reserves for the CMGP contains 1.174Moz of gold (15.46Mt @ 2.36g/t Au) allowing for an initial 11 year mine life.

The total Mineral Resource estimate for the CMGP now totals 4.96Moz (61.6Mt @ 2.52 g/t Au). The company has been advancing the environmental approvals to progress the project toward a development decision (refer to page 10 for Resource and Reserve Estimates). Refer to ASX announcement on 11 January 2013 for more detailed information.

REVIEW OF OPERATIONS (continued)

The Rover Gold Project

The Rover Project consists of 1,172m^2 of contiguous granted tenements over stratigraphy considered to be an undercover repetition of the rich Tennant Creek goldfield 80km to the north-east. Exploration to date has so far fully tested three blind targets within the project, each of which has defined significant mineralised IOCG (Iron Oxide Copper Gold) systems at Rover 1, Explorer 108 and Explorer 142 prospects. The key elements of the project are:

- A new gold province analogous to historic Tennant Creek goldfield which historically produced +5.5Moz gold and 0.5Mt copper.
- Three successful discoveries in Rover 1 (Au-Cu), Explorer 108 (Pb-Zn-Ag) and Explorer 142 (Cu-Au).
- A significant copper-gold- bismuth-cobalt Mineral Resource (JORC) at Rover 1 of 6.814Mt at 1.69 g/t Au, 1.2% Cu, 0.14% Bi and 0.04% Co.
- A commercially positive outcome from Rover 1 development studies.
- The project area is proximal to a major infrastructure corridor adjacent to Central Australian Railway, gas pipeline and Stuart Hwy.
- Exploration upside in multiple coincident geophysical anomalies considered as analogs to the Rover 1 anomaly.
- A Mineral Resource at Explorer 108 of 8.733Mt @ 3.7% Zn, 2.0% Pb, 0.3 g/t Au, 20g/t Ag and 0.1% Cu.

The key focus has been on the Rover 1 Project and the completion of more definitive studies into its development and commercialisation.

The current proposal for Rover 1 is to develop an exploration decline (which would subsequently be used as the production decline) to enable more detailed drill evaluation of the upper parts of the mineralised system. A Mine Management Plan has been submitted to the appropriate statutory authorities in the Northern Territory and is awaiting approval.

NICKEL DIVISION

Central Musgrave Project

The cornerstone of the Company's nickel division is its 100% ownership of the world-class nickel assets in the Central Musgrave Project ("CMP") located in the Central Musgrave Ranges. The CMP straddles the triple-point of the WA/NT/SA borders and the project encompasses 1,957km2 of prospective exploration tenure that includes the Wingellina nickel deposit, the Claude Hills nickel deposit, and the Mt Davies exploration prospects.

The key focus of the Nickel Division is to bring the Wingellina Nickel-Cobalt Project ("Wingellina") into production.

Wingellina Project

Wingellina is one of the largest undeveloped nickel-cobalt mines in the world today.

The Company has previously completed a phase 1 feasibility study (+/- 25%) that confirmed a robust project for the construction of a 4.3Mtpa nickel and cobalt High Pressure Acid Leaching ("HPAL") plant producing approximately 40,000tpa of nickel and 3,000tpa of cobalt. The initial mine life is 40 years with an estimated benchmark operating cost of US$3.34 per pound of nickel after cobalt credits. The key financial outcomes of the project concluded an after tax NPV (8% real) of A$3.4 billion based on a nickel price of US$20,000, cobalt price of $45,000 and a US$ exchange rate of $0.85. Capital cost estimates were A$2.2 billion.

The Mineral Resource Estimate defines an ore body containing approximately 1.8Mt of contained nickel metal and 139,000t of cobalt metal. Significantly, over 91% of the resource is defined as a Probable Mining Reserve in accordance with the JORC code (refer to page 10 for Resource and Reserve Estimates).

REVIEW OF OPERATIONS (continued)

Wingellina will be a simple mining operation with free-digging limonite ore occurring over a number of pits with a strike length of approximately 10km and widths of up to 500m. Average waste:ore strip ratios over the mine life are 1.1:1 and 0.50:1 for the first 20 years. Mine sequencing in early years will take advantage of the favourable orebody geometry. This allows mining to progress with a strategy to mine higher grade ores early in the project life to maximise early cash flow. Average mined grades for the first 20 years are approximately 1.1% Ni and 0.09% Co. The favourable mining conditions result in very low mining costs with low risk. Direct mining costs are less than 5% of the overall operating cost for the project.

The mineralogy of the Wingellina ore is a major strength of the project, being a "Nickel Limonite", or "Pure Oxide Tropical Laterite (POTL)" ore. Unlike most Australian nickel laterite projects, Wingellina ore has characteristics perfectly suited to HPAL, with high iron grades (resource average 47% Fe2O3) and a very low concentration of magnesium (resource average 1.6% Mg). The Wingellina ore has similar metallurgical characteristics to the successfully HPAL operations in the world today with a relatively low acid consumption. Acid consumption has the largest impact on operating costs in the HPAL process and as such is an important consideration in adopting the HPAL technology.

The Company has completed all of its baseline environmental studies and associated documentation required for the submission of the Public Environmental Review ("PER") document. Final evaluation of the proposed water sources is underway and the PER is expected to be submitted in the near future.

Wingellina Mining Agreement

In July 2010 Metals X signed a Mining Agreement ("the Agreement") with the Traditional Owners and granted Native Title holders of the Wingellina Project area through their representative bodies being the Yarnangu Ngaanyatjarraku Parna Aboriginal Corporation, the Ngaanyatjarra Land Council (Aboriginal Corporation), and the Ngaanyatjarra Council (Aboriginal Corporation).

The Agreement provides consent for the grant of a mining lease and subsequent mining operations over the project, which subject to other regulatory approvals allows Wingellina to be developed. In addition the agreement allows for the granting of additional project titles for water, pipelines, roads and other infrastructure over an area in excess of 19,000km2.

Wingellina financing and development

Metals X signed a Memorandum of Understanding ("MOU") with Samsung C&T in September 2012 to work together to bring the massive Wingellina Ni-Co Project into production. Under the MOU, Metals X will complete a new Definitive Feasibility Study ("DFS") with the assistance of Samsung C&T, updating and reviewing the previous development proposal study completed in 2008. Samsung C&T will provide its technical expertise in engineering, feasibility studies and construction and will use its financial reputation and capacity to assist Metals X with the financing and development proposals for the Project.

The objectives of the MOU are for Metals X to retain a 30% interest in the project free carried to production and that Samsung C&T will be awarded the Engineering, Procurement and Construction ("EPC") contract for the project on normal and competitive commercial terms. Under the terms of the MOU, Samsung C&T can, depending on the outcomes of the DFS, purchase equity in the project and provide project delivery.

Formal submissions from a number of leading international engineering companies to complete the DFS have been received and are currently being reviewed by Metals X and Samsung. The DFS is expected to be awarded in early April 2013 and will take approximately 12 months to complete.

Metals X together with Samsung are also continuing to discuss with various large international organisations a number of financing options for the project.

REVIEW OF OPERATIONS (continued)

Claude Hills Prospect

Claude Hills is located approximately 25km to the east of Wingellina in South Australia and is one of a number of areas where outcropping nickeliferous limonite similar to Wingellina occurs within the Company's exploration titles. Metals X completed a drilling campaign at the Claude Hills prospect in 2010 to complement the drilling campaign carried out in late 2008 (refer to page 10 for Resource and Reserve Estimates).

The Claude Hills resource straddles the wholly owned tenement EL4751 and the Mt Davies JV tenement EL3932 (see Mt Davies section below), of which approximately 50% of the resource is located within EL4751 and the remainder in EL3932. Mineralisation extends over a 5km strike length with widths of 50 to 250m and ore thicknesses of 12m to 60m, and lies below a remobilised cover of 5m to 20m. The grades obtained are similar to Wingellina for nickel, cobalt and magnesium, but the aluminium content is considerably lower. It is anticipated that the metallurgical behaviour of the ore will be as favourable as Wingellina as a result of the low magnesium and alumina grades.

Mt Davies Joint Venture

In July 2009 Metals X entered into a farm-in agreement with Rio Tinto Exploration Pty Ltd ("Rio Tinto") to earn an initial 51% interest in the South Australian exploration license E3932 (Mt Davies). This tenement is encapsulated within Metals X's 100% owned tenement EL4751, which is adjacent to the Wingellina deposit, and hosts part of the Claude Hills deposit. The Company can increase its interest to 70% ownership by sole funding exploration and development expenditure to the completion of a pre-feasibility study. Rio Tinto can elect to contribute following the earn-in phase to retain a 49% interest and can elect to earn-back up to 70% ownership within 60 business days after the delivery by Metals X of the pre-feasibility study, through the sole funding of a feasibility study.

OTHER EXPLORATION ASSETS

Warumpi Joint Venture

The Warumpi Province is a newly defined Proterozoic inlier adjacent to the Central Australian Suture, a major crustal feature and which is considered prospective for precious and base metal deposits. It represents a similar crustal boundary to the Fraser Albany province that hosts the Tropicana gold and recent Sirius nickel sulphide discovery located to the south in Western Australia. The area has seen limited historical exploration and the company has conducted the first ever serious systematic ground based exploration in the area with a coarse grid-based geochemical survey.

During the period, two field campaigns of regional lag-sampling and traverse/chip sampling were completed. A total of 1,131 Lag samples were collected on three different grid spacings: 1km x 1km, 500m x 500m, and 250m x 250m. In conjunction with the sampling from earlier campaigns wide spaced multi element geochemical has now been completed on all areas currently cleared for work. Additional site clearances are scheduled for early in 2013 and if successful will allow the granted tenements to be further infilled.

Results from assays and preliminary analysis have indicated a zone of significant gold anomalism over a strike length of 1.5km with a broad 25ppb contour relative to the background of 0.9ppb. Individual spot highs of 90 ppb and 300ppb also exist on the coarse sample grids.

In addition and as previously advised strong nickel anomalism has been identified in a number of areas adjacent to geophysical features coincident with intrusive ultramafic units. Access to these areas is anticipated in the first half of 2013.

REVIEW OF OPERATIONS (continued)

INVESTMENTS

The Company has three key investments:

1. Aziana Limited;
2. Reed Resources Limited; and
3. Mongolian Resource Corporation Limited.

Aziana Limited

The Company has a 25% (30 June 2012: 25%) interest in Aziana Limited ("Aziana"), which is involved in the exploration of base metals in Madagascar. Aziana (ASX:AZK) is listed on the Australian Securities Exchange.

The mark-to-market value of the Company's investment in Aziana on 31 December 2012 was $2,606,697.

For detailed information refer to ASX announcements by Aziana (ASX:AZK).

Mongolian Resource Corporation Limited

The Company has a 14.76% (30 June 2012: 15.33%) interest in Mongolian Resource Corporation Limited ("MRC"), which is involved in the exploration for base metals in Australia and Mongolia. MRC (ASX: MUB) is listed on the Australian Securities Exchange.

The mark-to-market value of the Company's investment in MRC on 31 December 2012 was $1,554,000.

For detailed information refer to ASX announcements by MRC (ASX: MUB).

Reed Resources Limited

The Company has a 4.99% (30 June 2012: 4.57%) interest in Reed Resources Limited ("Reed"), which is involved in the mining and exploration of base metals in Australia. Reed Resources (ASX: RDR) is listed on the Australian Securities Exchange.

The mark-to-market value of the Company's investment in Reed Resources on 31 December 2012 was $4,670,000.

For detailed information refer to ASX announcements by Independence (ASX:RDR).

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 26 of this report.

Signed in accordance with a resolution of the Directors.

Peter Cook
CEO & Executive Director

Perth, 5 March 2013

TIN DIVISION

MINERAL RESOURCES ESTIMATES – CONSOLIDATED SUMMARY

(Calculated as at 31 December 2012)

JORC Category	Cut- off (%Sn)	Tin			Copper		
		Tonnes (kT)	Grade (% Sn)	Sn Metal (kT)	Tonnes (kT)	Grade (% Cu)	Cu Metal (kT)
Measured							
Renison Bell	0.80%	1,180	1.99	23.5	1,015	0.34	3.5
Mt Bischoff	0.50%	-	-	-	-	-	-
Rentails	0.00%	20,461	0.45	91.8	20,461	0.21	43.8
Subtotal		21,640	0.53	115.4	21,476	0.22	47.2
Indicated							
Renison Bell	0.80%	6,146	1.45	89.4	5,491	0.34	18.6
Mt Bischoff	0.50%	968	0.59	5.7	-	-	-
Rentails	0.00%	-	-	-	-	-	-
Subtotal		7,114	1.34	95.1	5,491	0.34	18.6
Inferred							
Renison Bell	0.80%	2,314	1.64	38	842	0.42	3.5
Mt Bischoff	0.50%	699	0.47	3.3	-	-	-
Rentails	0.00%	-	-	-	-	-	-
Subtotal		3,013	1.37	41.3	842	0.42	3.5
Totals							
Renison Bell	0.80%	9,640	1.57	150.9	7,348	0.35	25.6
Mt Bischoff	0.50%	1,667	0.54	9.0	-	-	-
Rentails	0.00%	20,461	0.45	91.8	20,461	0.21	43.8
Grand Total		31,767	0.79	251.7	27,809	0.25	69.3

MINING RESERVE ESTIMATE – CONSOLIDATED SUMMARY

Mining Reserves are a subset of the Mineral Resource Estimate

(Calculated as at 31 December 2012)

JORC Category	Tin			Copper		
	Tonnes (kT)	Grade (% Sn)	Sn Metal (kT)	Tonnes (kT)	Grade (% Cu)	Cu Metal (kT)
Proved						
Renison Bell	218	1.55%	3.4	218	0.89%	1.9
Probable						
Renison Bell	3,742	1.38%	51.6	3,421	0.31%	10.7
Rentails	19,619	0.45%	87.8	19,619	0.21%	41.8
Total	23,579	0.61%	142.8	23,258	0.23%	54.5

Notes: Renison Bell, Mount Bischoff and Rentails Reserves are 50% owned by Metals X.

GOLD DIVISION

MINERAL RESOURCES ESTIMATES – CONSOLIDATED SUMMARY

(Calculated as at 31 December 2012)

ROVER 1 PROJECT

JORC Category	Gold			Copper			Bismuth			Cobalt		
	kT	Grade	k oz	kT	Grade	kT Metal	kT	Grade	kT Metal	kT	Grade	kT Metal
Measured	-	-	-	-	-	-	-	-	-	-	-	-
Indicated	2,741	2.42	213	2,741	1.42%	59	2,741	0.18%	5	2,741	0.04%	1
Inferred	4,073	1.27	168	4,073	1.06%	52	4,073	0.11%	4	4,073	0.08%	3
Total	6,814	1.73	381	6,814	1.20%	112	6,814	0.14%	9	6,814	0.06%	4

Note: 2.5 g/t Au equivalent cut-off

EXPLORER 108 PROJECT

JORC Category	Zinc			Lead			Silver		
	kT	Grade	kT Metal	kT	Grade	kT Metal	kT	Grade	koz Metal
Measured	-	-	-	-	-	-	-	-	-
Indicated	8,438	3.41%	287	8,438	2.05%	172	8,438	14.3	3,879
Inferred	3,429	2.81%	96	3,429	1.88%	64	3,429	3.3	364
Total	11,868	3.24%	384	11,868	2.00%	237	11,868	11.14	4,243

Note: 2.5% Pb + Zn cut-off

CENTRAL MURCHISON GOLD PROJECT

JORC Category	Gold		
	Tonnes (kT)	Grade (g/t Au)	Au Metal (k oz)
Measured	129.5	1.61	6.7
Indicated	40,874	2.55	3,354
Inferred	20,605	2.41	1,599
Total	61,609	2.50	4,960

Note: Cut-off grades: 0.70 g/t for surface resources and 1.50 g/t for underground resources.

GOLD DIVISION

MINING RESERVE ESTIMATE – CONSOLIDATED SUMMARY

(Calculated as at 31 December 2012)

CENTRAL MURCHISON GOLD PROJECT

JORC Category	Gold		
	Tonnes (kT)	Grade (g/t Au)	Au Metal (k oz)
Proved	-	-	-
Probable	15,458	2.36	1,174
Total	15,458	2.36	1,174

NICKEL DIVISION

MINERAL RESOURCES ESTIMATES – CONSOLIDATED SUMMARY

(Calculated as at 31 December 2012)

JORC Category	Nickel			Cobalt			Fe2O3		
	kT	Grade	kT Metal	kT	Grade	kT Metal	kT	Grade	kT Metal
Wingellina Project									
Measured	68,800	1.00%	688	68,800	0.08%	54	68,800	48.7%	33,500
Indicated	98,700	0.97%	958	98,700	0.08%	74	98,700	46.4%	45,800
Inferred	15,700	0.97%	152	15,700	0.07%	11	15,700	42.7%	6,700
Subtotal	183,200	0.98%	1,798	183,200	0.08%	139	183,200	47.0%	86,000
Claude Hills Project									
Inferred	33,300	0.81%	270	33,300	0.07%	23	33,300	38.7%	12,900
Total	216,500	0.95%	2,067	216,500	0.07%	161	216,500	45.7%	98,900

MINING RESERVE ESTIMATE – CONSOLIDATED SUMMARY

Mining Reserves are a subset of the Mineral Resource Estimate
(Calculated as at 31 December 2012)

JORC Category	Nickel			Cobalt			Fe_2O_3		
	kT	Grade	kT Metal	kT	Grade	kT Metal	kT	Grade	kT Metal
Wingellina Project									
Proved	-	-	-	-	-	-	-	-	-
Probable	167,500	0.98%	1,645	167,500	0.08%	128	167,500	47.3%	79,300
Total	167,500	0.98%	1,645	167,500	0.08%	128	167,500	47.3%	79,300

Competent Persons Statements

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Jake Russell B.Sc. (Hons), who is a Member of the Australian Institute of Geoscientists. Mr Russell is a full-time employee of the company. Mr Russell has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Russell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves estimate report is compiled by Metals X technical employees under the supervision of Mr Michael Poepjes BEng (Mining Engineering), MSc (Min. Econ) M.AusIMM. Mr Poepjes is a full-time employee of the company. Mr Poepjes has sufficient experience, which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities ,which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Poepjes consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Consolidated Statement of Comprehensive Income for the Half-Year ended 31 December 2012

	Notes	31 December 2012	31 December 2011
Revenue		34,494,444	28,325,065
Cost of sales		(29,234,122)	(30,739,444)
Gross profit/(loss)		5,260,322	(2,414,379)
Other income		6,459,488	655,986
Other expenses		(5,727,924)	(3,420,046)
Fair value change in financial instruments		-	(520,199)
Finance costs		(223,609)	(195,590)
Share of loss of associates		(2,186,841)	(1,492,667)
Reclassification of share of change in equity of associate's reserves		665,727	-
Impairment loss on exploration and evaluation expenditure		(145,261)	(107,128)
Impairment loss on available-for-sale financial assets	5	(1,176,000)	(22,431,544)
Impairment loss on investment in associates	6	(893,757)	(2,126,950)
Reversal of impairment loss on investment in associates	6	2,905,137	-
Profit/(loss) from continuing operations before income tax		4,937,282	(32,052,517)
Income tax benefit		10,631,769	869,708
Profit/(loss) for the period		15,569,051	(31,182,809)
Other comprehensive income for the period, net of tax			
Items that may be reclassified subsequnetly to profit or loss			
Share of change in equity of associate's reserves		(279,063)	880,266
Changes in the fair value of available-for-sale financial assets, net of tax		(564,265)	1,990,231
Other comprehensive income for the period, net of tax		(843,328)	2,870,497
Total comprehensive profit/(loss) for the period		14,725,723	(28,312,312)
Profit/(loss) attributable to:			
Members of the parent		15,569,051	(31,182,520)
Non-controlling interest		-	(289)
		15,569,051	(31,182,809)
Total comprehensive profit/(loss) attributable to:			
Members of the parent		14,725,723	(28,312,023)
Non-controlling interest		-	(289)
		14,725,723	(28,312,312)
Profit/(loss) per share for the profit/(loss) attributable to the ordinary equity holders of the parent (cents per share)			
basic profit/(loss) per share		1.07	(2.32)
diluted profit/(loss) per share		1.07	(2.32)

Consolidated Statement of Financial Position as at 31 December 2012

	Notes	As at 31 December 2012	As at 30 June 2012
CURRENT ASSETS			
Cash and cash equivalents		63,196,330	42,971,360
Trade and other receivables		15,532,680	13,364,361
Inventories	3	13,427,446	11,898,557
Other assets		439,967	203,334
Other financial assets		7,139,730	3,990,730
Total current assets		**99,736,153**	**72,428,342**
NON-CURRENT ASSETS			
Property, plant and equipment		19,738,231	18,757,169
Mine properties and development costs	4	94,556,480	87,080,629
Exploration and evaluation expenditure		80,976,859	1,675,900
Derivative financial instruments		448,989	448,989
Available-for-sale financial assets	5	6,224,000	29,689,236
Investment in associates	6	2,606,697	19,839,153
Total non-current assets		**204,551,256**	**157,491,076**
TOTAL ASSETS		**304,287,409**	**229,919,418**
CURRENT LIABILITIES			
Trade and other payables		10,962,863	8,320,501
Interest bearing liabilities		1,503,930	1,507,488
Provisions		1,229,172	959,732
Total current liabilities		**13,695,965**	**10,787,721**
NON-CURRENT LIABILITIES			
Provisions		6,730,860	3,365,165
Interest bearing liabilities		3,424,290	2,942,774
Total non-current liabilities		**10,155,150**	**6,307,939**
TOTAL LIABILITIES		**23,851,115**	**17,095,660**
NET ASSETS		**280,436,294**	**212,823,758**
EQUITY			
Issued capital		330,962,263	279,086,186
Option premium reserve		19,739,664	18,728,928
Other reserves		(230,806)	612,522
Accumulated losses		(70,034,827)	(85,603,878)
TOTAL EQUITY		**280,436,294**	**212,823,758**

Consolidated Statement of Cash Flows for the Half-Year ended 31 December 2012

	Notes	31 December 2012	31 December 2011
Cash flows from operating activities			
Receipts from customers		30,315,874	25,522,523
Interest received		1,266,240	3,089,752
Other receipts		436,757	655,986
Payments to suppliers and employees		(30,089,679)	(21,047,025)
Interest paid		(158,434)	(112,545)
Net cash flows from operating activities		**1,770,758**	**8,108,691**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		-	131,686
Payments for plant and equipment		(495,690)	(719,981)
Payments for mine properties and development		(7,793,887)	(5,769,120)
Payments for exploration and evaluation		(848,038)	(1,908,664)
Payments for investment in associates		-	(3,125,000)
Payments for available-for-sale financial assets		(902,099)	-
Proceeds from sale of available-for-sale financial assets		28,649,801	-
Cash acquired on purchase of controlled entity	11	1,126,934	-
Net cash flows from/(used in) investing activities		**19,737,021**	**(11,391,079)**
Cash flows from financing activities			
Payments for buy-back of shares		-	(9,301,797)
Payments for share issue costs		(64,865)	-
Repayment of borrowings		(1,217,944)	(954,530)
Net cash flows used in financing activities		**(1,282,809)**	**(10,256,327)**
Net increase/(decrease) in cash and cash equivalents		20,224,970	(13,538,715)
Cash at the beginning of the financial period		42,971,360	75,983,334
Cash and cash equivalents at the end of the period		**63,196,330**	**62,444,619**

Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2012

	Issued capital $	Accumulated losses $	Option premium reserve $	Net unrealised gains reserves $	Total $	Non-controlling interest $	Total Equity $
At 1 July 2012	279,086,186	(85,603,878)	18,728,928	612,522	212,823,758	-	212,823,758
Profit for the period	-	15,569,051	-	-	15,569,051	-	15,569,051
Other comprehensive income, net of tax	-	-	-	(843,328)	(843,328)	-	(843,328)
Total comprehensive income and expense for the half-year, net of tax	-	15,569,051	-	(843,328)	14,725,723	-	14,725,723
Transactions with owners in their capacity as owners							
Issue of share capital - acquistion of Westgold Resources Limited	51,940,942	-	-	-	51,940,942	-	51,940,942
Issue of options - acquistion of Westgold Resources Limited	-	-	1,010,736	-	1,010,736	-	1,010,736
Share issue costs	(64,865)	-	-	-	(64,865)	-	(64,865)
Share-based payment	-	-	-	-	-	-	-
At 31 December 2012	330,962,263	(70,034,827)	19,739,664	(230,806)	280,436,294	-	280,436,294

	Issued capital $	Accumulated losses $	Option premium reserve $	Net unrealised gains reserves $	Total $	Non-controlling interest $	Total Equity $
At 1 July 2011	290,056,226	(41,680,191)	18,326,178	(2,729,920)	263,972,293	(18,372)	263,953,921
Loss for the period	-	(31,182,520)	-	-	(31,182,520)	(289)	(31,182,809)
Other comprehensive income, net of tax	-	-	-	2,870,497	2,870,497	-	2,870,497
Total comprehensive income and expense for the half-year, net of tax	-	(31,182,520)	-	2,870,497	(28,312,023)	(289)	(28,312,312)
Transactions with owners in their capacity as owners							
Share buy-back	(9,301,797)	-	-	-	(9,301,797)	-	(9,301,797)
Tax effect of share issue costs	(16,752)	-	-	-	(16,752)	-	(16,752)
Share-based payment	-	-	402,750	-	402,750	-	402,750
At 31 December 2011	280,737,677	(72,862,711)	18,728,928	140,577	226,744,471	(18,661)	226,725,810

Notes to the Financial Statements for the Half-Year ended 31 December 2012

1. CORPORATE INFORMATION

The financial report of Metals X Limited for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 5 March 2013.

Metals X Limited is a 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 the exploration for and the mining, treatment and marketing of tin concentrate, gold, nickel and other base metals in Australia; the development and construction of tin mine projects and exploration for precious and base metals through its shareholdings in Aziana Limited, Mongolian Resource Corporation Limited and Reed Resources Limited.

The address of the registered office is Level 3, 123 Adelaide Terrace, East Perth, WA 6004.

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 2012 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 Limited for the year ended 30 June 2012 and considered together with any public announcements made by Metals X Limited and its controlled entities during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(b) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Metals X Limited 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.

Non-controlling interests not held by the Consolidated Entity are allocated their share of net profit after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent shareholder's equity.

Notes to the Financial Statements for the Half-Year ended 31 December 2012 (continued)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

(c) New and amended accounting standards and interpretations

From 1 July 2012, the Consolidated Entity has adopted the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2012. Adoption of these standards and interpretations did not have any material effect on the financial position or performance of the Consolidated Entity.

The Consolidated Entity has not elected to early adopt any new standards or amendments.

3. INVENTORIES

During the half-year ended 31 December 2012 due to an increase in the tin metal price there was a reversal of the inventory write-down of $2,382,907 (2011: write-down $3,184,840) 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.

4. MINE PROPERTIES AND DEVELOPMENT

During the half-year ended 31 December 2012 the Consolidated Entity paid $7,793,887 (2011: $5,769,120) in relation to mine properties and developments costs. Costs were higher in the current period due to an increase in underground development at the Renison Tin Project.

Mine properties and development assets with a value of $2,752,539 were acquired upon the merger with of Westgold Resources Limited (refer to note 11).

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) During the period the Company sold its interest (30 June 2012: 2.82%) in Independence Group NL (“Independence”), which is involved in the mining and exploration of base metals in Australia. Independence is listed on the Australian Securities Exchange.

The Company recognised a profit of $6,022,731 on the sale of the investment in the current period. The fair value of the Company’s investment at 30 June 2012 was $22,627,070 which was based on Independence’s quoted share price. In the previous period the Company recognised an impairment of $20,134,813.

(b) The Company has a 14.76% (30 June 2012: 15.33%) interest in Mongolian Resources Corporation Limited (“MRC”), which is involved in the mining and exploration of base metals in Australia and Mongolia. MRC is listed on the Australian Securities Exchange. At the end of the period the fair value of the Company’s investment was $1,554,000 (30 June 2012: $2,730,000) which is based on MRC’s quoted share price.

At the end of the period the market value of the investment was lower than the carrying value, the Company has recognised an impairment of $1,176,000 (31 December 2011: $2,296,731).

(c) The Company has a 4.99% (30 June 2012: 4.57%) interest in Reed Resources Limited (“Reed Resources”), which is involved in the mining and exploration of base metals in Australia. Reed Resources is listed on the Australian Securities Exchange. At the end of the period the fair value of the Company’s investment was $4,670,000 (30 June 2012: $4,332,166) which is based on Reed Resources’ quoted share price.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2012 (continued)

6. INVESTMENT IN ASSOCIATES

(a) During the period the Company had a 26.98% (30 June 2012: 26.98%) interest in Westgold Resources Limited ("Westgold"), which is involved in the exploration for base metals in the Australia. On 17 October 2012 Westgold ceased to be an associate of Metals X and became a wholly-owned subsidiary of Metals X following a merger by scheme of arrangement (refer to note 17).

Based on the quoted share price the fair value of the Company's investment in Westgold at 30 June 2012 was $15,755,563. At the date of the merger the market value of the investment was higher than the carrying value, the Company has recognised a reversal of impairment of $2,905,137 (30 June 2012: $8,064,451 impairment).

(b) The Company has a 25% (30 June 2012: 25%) interest in Aziana Limited ("Aziana"), which is involved in the exploration for base metals in the Madagascar. Aziana is listed on the Australian Securities Exchange. At the end of the period the Company's investment was $2,606,697 (30 June 2012: $4,083,590) which represents cost plus post-acquisition changes in the Company's share of net assets of Aziana net of impairment.

Based on the quoted share price the fair value of the Company's investment in Aziana at the end of the period was $2,606,697 (30 June 2012: $4,484,640). At the end of the period the market value of the investment was lower than the carrying value, the Company has recognised an impairment of $893,757 (30 June 2012: nil).

7. COMMITMENTS AND CONTINGENCIES

Capital commitments

Commitments relating to jointly controlled assets

At 31 December 2012 the Consolidated Entity had commitments of $167,297 principally relating to plant and equipment upgrades and replacements for the Bluestone Mines Tasmania Joint Venture (30 June 2012: $299,457).

Finance lease and hire purchase commitments

During the half-year period the Consolidated Entity purchased additional plant and equipment at the Bluestone Mines Tasmania Joint Venture under finance lease contract for the value of $1,695,902. The lease has terms of renewal but no escalation clauses. Renewals are at the option of the entity that holds the lease. The finance contracts have an average term of 36 months with the right to purchase the asset at the completion of the lease term for a pre-agreed amount.

Contingencies

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

8. INTERESTS IN JOINT VENTURES

Subsidiary Bluestone Mines Tasmania Pty Ltd owns 50% of the assets at the Renison Tin Project which is managed by an unincorporated Joint Venture. The Consolidated Entity is entitled to 50% of the unincorporated Joint Venture's production. The Consolidated Entity's interest in the assets and liabilities of the Joint Venture are included in the consolidated statement of financial position.

No jointly controlled assets were impaired during the half-year ended 31 December 2012 (2011: nil).

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2012 (continued)

9. OPERATING SEGMENTS

The following table presents revenue and profit information regarding the Consolidated Entity's operating segments for the half-years ended 31 December 2012 and 31 December 2011.

Half-year ended 31 December 2012	Tin Projects	Nickel Projects	Gold Projects	Total segments	Unallocated, adjustments and eliminations	Consolidated
Revenue						
Sales to external customers	33,322,225	-	-	33,322,225	-	33,322,225
Other revenue from external	-	-	-	-	1,172,219	1,172,219
Total revenue	**33,322,225**	**-**	**-**	**33,322,225**	**1,172,219**	**34,494,444**
Results						
Segment profit/(loss)	**3,553,858**	**(79,804)**	**(224,722)**	**3,249,332**	**1,687,950**	**4,937,282**

Half-year ended 31 December 2011	Tin Projects	Nickel Projects	Gold Projects	Total segments	Unallocated, adjustments and eliminations	Consolidated
Revenue						
Sales to external customers	26,109,124	-	-	26,109,124	-	26,109,124
Other revenue from external customers	-	-	-	-	2,215,941	2,215,941
Total revenue	**26,109,124**	**-**	**-**	**26,109,124**	**2,215,941**	**28,325,065**
Results						
Segment loss	**(5,197,716)**	**(128,481)**	**-**	**(5,326,197)**	**(26,726,320)**	**(32,052,517)**

The following table presents segment assets of the Consolidated Entity's operating segments as at 31 December 2012 and 30 June 2012.

	Tin Projects	Nickel Projects	Gold Projects	Total segments	Unallocated, adjustments and eliminations	Consolidated
Segment assets						
As at 31 December 2012	**74,276,432**	**65,428,996**	**84,207,938**	**223,913,366**	**80,374,043**	**304,287,409**
As at 30 June 2012	**69,859,039**	**62,469,005**	**-**	**132,328,044**	**97,591,374**	**229,919,418**

Unallocated, adjustments and eliminations

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

Taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, available-for-sale investments and investments in associates.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2012 (continued)

9. OPERATING SEGMENTS (continued)

Reconciliation of Profit	31 December 2012	31 December 2011
Segment (loss)/profit	**3,249,332**	**(5,326,197)**
Share of loss of associates	(2,186,841)	(1,492,667)
Reclassification of share of change in equity of associate's reserves	665,727	-
Impairment loss on avialble-for-sale financial assets	(1,176,000)	(22,431,544)
Impairment loss on investment in associate	(893,757)	(2,126,950)
Reversal of impairment loss on investment in associate	2,905,137	-
Finance costs	(223,609)	(195,590)
Fair value change in financial instruments	-	(520,199)
Corporate (expenses)/income	2,597,293	40,630
Group (loss)/profit	**4,937,282**	**(32,052,517)**

Reconciliation of Assets	31 December 2012	30 June 2012
Segment operating assets	223,913,366	132,328,044
Unallocated cash and receivables	71,094,357	47,613,996
Available-for-sale financial assets	6,224,000	29,689,236
Investment is associates	2,606,697	19,839,153
Derivative assets	448,989	448,989
Group operating assets	**304,287,409**	**229,919,418**

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2012 (continued)

10. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair Value hierarchy

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

	31 December 2012			
	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	6,224,000	-	-	6,224,000
Derivatives				
Listed investments	434,450	-	-	434,450
Unlisted investments	-	-	14,539	14,539
	6,658,450	-	14,539	6,672,989

	30 June 2012			
	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	29,689,236	-	-	29,689,236
Derivatives				
Listed investments	434,450	-	-	434,450
Unlisted investments	-	-	14,539	14,539
	30,123,686	-	14,539	30,138,225

During the period there were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement, and no transfers into and out of Level 3 fair value measurements. The fair value decrease of the available-for-sale investments have been recorded in other comprehensive income.

The Consolidated Entity does not hold any credit enhancements or collateral to mitigate credit risk. The carrying value of the financial assets, therefore represent the potential credit risk.

The table above illustrate the classification of the Consolidated Entity's financial instruments based on the fair value hierarchy as required for complete sets of financial statements. 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 2012 (continued)

11. BUSINESS COMBINATION

Acquisition of Westgold Resources Limited

On 14 May 2012 Metals X announced a merger by scheme of arrangement to acquire all of the issued share capital of Westgold Resources Limited, a publicly listed Australian company which owns gold projects in Western Australia and the Northern Territory. The consideration for the merger was on a scrip for scrip basis, being 11 new Metals X shares for every 10 Westgold shares held and 11 new Metals X options for every 10 Westgold options held. The merger was successful and resulted in Metals X increasing its ownership of Westgold from 26.98% to 100%. The completion date of the acquisition was 17 October 2012.

In the period from acquisition to 31 December 2012 Westgold contributed interest income of $24,209 and a loss of $224,722 to the Consolidated Entity's results. If the acquisition had occurred on 1 July 2012, consolidated revenue and consolidated profit before income tax for the period ended 31 December 2012 would have been $83,977 and $1,747,310 respectively.

The following summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

Purchase consideration

Equity instruments issued (335,102,853 ordinary shares)	51,940,942
Replacement options issued	1,010,736
	52,951,678

<u>Equity instruments issued</u>

The fair value of the ordinary shares issued was based on the listed share price of the Company at 17 October 2012 of $0.155 per share.

<u>Replacement options issued</u>

The terms of the acquisition required the Company to issue replacement options to the Westgold Resources Limited option holders. The terms and conditions of the replacement options are as follows:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Number
17 Oct 2012	17 Oct 2012	8 Nov 2012	$ 0.41	275,000
17 Oct 2012	17 Oct 2012	25 Mar 2015	$ 0.44	715,000
17 Oct 2012	17 Oct 2012	30 Nov 2012	$ 0.19	2,750,000
17 Oct 2012	17 Oct 2012	7 Jan 2013	$ 0.18	1,100,000
17 Oct 2012	17 Oct 2012	30 Nov 2013	$ 0.19	550,000
17 Oct 2012	17 Oct 2012	31 Dec 2013	$ 0.18	19,250,000
17 Oct 2012	17 Oct 2012	11 Jan 2014	$ 0.29	1,127,500
17 Oct 2012	17 Oct 2012	24 Aug 2014	$ 0.20	440,000
17 Oct 2012	17 Oct 2012	3 Jul 2014	$ 0.26	2,007,500
17 Oct 2012	17 Oct 2012	15 Aug 2014	$ 0.26	3,300,000
17 Oct 2012	17 Oct 2012	1 Nov 2014	$ 0.21	1,100,000

The market based value of the new options at the acquisition date of 17 October 2012 was $1,010,736. All options are vested and exercisable immediately.

11. BUSINESS COMBINATION (continued)

Assets acquired and liabilities assumed

The provisional fair values of the identifiable assets and liabilities of Westgold Resources Limited as at the date of acquisition are:

Assets	**Fair value recognised on acquisition**
Cash and cash equivalents	1,126,934
Trade and other receivables	147,436
Other assets	17,784
Other financial assets	3,149,000
Property, plant and equipment	1,020,580
Mine properties and development costs	2,752,539
Exploration and evaluation expenditure	79,766,856
	87,981,129
Trade and other payables	3,805,023
Provisions	3,149,000
Deferred tax liabilities	10,631,769
	17,585,792
Fair value of identifiable assets	**70,395,337**
Purchase consideration	52,951,678
Fair value of existing interest in acquiree	17,443,659
	70,395,337
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(2,985,887)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	1,126,934
Transaction cost attributable to issuance of shares (included in cash flows from financing activities)	(64,865)
Net cash flow on acquisition	**(1,923,818)**

Transaction costs relating to stamp duty, external legal fees, technical fees and due diligence costs of $2,985,887 have been expensed and are included in administrative expenses.

12. EVENTS AFTER THE BALANCE DATE

There were no significant events arising subsequent to 31 December 2012 to the date of this report which may affect the operations of the Consolidated Entity, the results of those operations and the state of affairs of the Consolidated Entity in the future.

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 2012 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

Peter Cook
CEO & Executive Director
Perth, 5 March 2013

Auditor's Independence Declaration

ERNST & YOUNG

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

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

Auditor's Independence Declaration to the Directors of Metals X Limited

In relation to our review of the financial report of Metals X Limited for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
5 March 2013

Liability limited by a scheme approved
under Professional Standards Legislation

DL:DR:METALSX:031

Independent Review Report

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

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

Independent review report to 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 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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, and the directors' declaration of the consolidated entity comprising 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 Half-Year 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 as 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 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 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and 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.

DL:DR:METALSX:030

Independent Review Report (continued)

ERNST & YOUNG

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 the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
5 March 2013

DL:DR:METALSX:030