

QUARTERLY REPORT

FOR THE QUARTER ENDING
30 SEPTEMBER 2022



Metals X Limited (**Metals X** or the **Company**) presents its activities report for the quarter ended 30 September 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- The Bluestone Mines Tasmania JV Renison Tin Operation (**Renison**) reported five Recordable Injuries during the quarter. Of these, one was a lost time incident with an employee tripping in the car park. The 12-month rolling Total Recordable Injury Frequency Rate (**TRIFR**) for Renison increased to 8.6, and the lost time incident frequency rate (**LTIFR**) has increased to 2.9.
- Safety initiatives undertaken during the quarter include:
 - implementation and tracking of the 2022 Safety Improvement Plan as per schedule,
 - continued verification of the Critical Risk Management Program,
 - development of Renison Safety Leaders with 360 profile reviews, and
 - ongoing redevelopment of documentation and training of relevant personnel in Emergency Management Systems including the Crisis Management Plan, the Incident Management Plan, and Emergency Response Plan for Tailings Storage Facility (**TSF**) failure.
- Renison continued progressing major environmental improvement initiatives, with the site's contaminated water treatment plant scheduled to begin construction in Q4, 2022.
- Mt Bischoff Closure Design Report is under review and expected to be finalised during CY2022 for submission to the Tasmanian EPA for review.
- Metals X completed its Environment, Social and Governance (**ESG**) reporting framework which has been developed in reference to Global Reporting Initiative (**GRI**) Standards during the quarter and anticipates the release of its 2022 ESG Report during Q1, 2023.

QUARTERLY HIGHLIGHTS

- Global economic changes and continued lockdowns in China have affected the tin price, with long term forecasts now predicting a range around 22,000 to 26,000 USD per ton. This fall in Tin price has been partially offset with a favourable shift in the AUD to USD exchange rates.
- Inflation across labour, fuel, consumables, and reagents has affected operating costs.
- During the quarter, Metals X shipped 810 tonnes of tin in concentrate (Q2 2022: 879 tonnes) to the Thailand Smelting and Refining Co. Ltd (**Thaisarco**), the Malaysian Smelter Corporation (**MSC**) and Yunnan Tin China (**YTC**).
- ATO Class Ruling confirmed the in-specie distribution of shares in Nico Resources Limited (**ASX: NC1**) to be treated by Metals X shareholders as a non-assessable capital return to shareholders.
- Near mine exploration identified a new high grade mineralized zone, returning drill intersections from hole S1671 of 26.93m @ 4.57% Sn from 225.07m (down hole width), including the following high-grade zones: > 6.03m @ 2.98% Sn from 233.97m. > 4.97m @ 18.22%Sn from 247.03m¹.
- Metals X closing cash and cash equivalents for the quarter decreased by \$4.7 million to \$117.5 million (Q2 2022: \$122.2 million) despite the positive Imputed EBITDA (see Table 1). Metals X closing cash does not reflect cash inflows for tin produced that remains in transit or unpaid at quarter end.

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OPERATIONS REVIEW

RENISON TIN OPERATION

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

The quarter saw reduced tin production with the combination of a number of process plant reconfigurations, down time from commissioning events and production disruptions as a result of very high talc grades. A number of process plant modifications have been completed and revised operating parameters, together with blending of ore and increased stockpiling will resolve the production issues, with production scheduled to return to forecast levels for the final quarter of the year.

As a result of lower production volumes, costs per ton are above budget. These are expected to revert to budgeted levels in the final quarter of the year.

A number of capital projects were completed; the associated progress payments for these works also affected the AISC for the period.

TABLE 1 – RENISON TIN OPERATION PRODUCTION AND COSTS (100% BASIS) – SEPTEMBER 2022 QUARTER

		Sept 2022 Quarter	Jun 2022 Quarter	Rolling 12-months
Physical and Revenue Summary				
Ore mined	t ore	193,894	170,594	748,737
Grade of ore mined	% Sn	1.52	1.60	1.55
Ore milled (after sorter upgrade)	t ore	149,947	146,038	643,140
Grade of ore processed	% Sn	1.64	1.87	1.77
Mill recovery	%	75.46	79.02	77.7
Tin produced	t Sn	1,848	2,154	8,839
Imputed tin price (net of TC/RC) ^{(1) (3)}	A\$/t Sn	\$43,410	\$46,725	\$48,667
C1 cash production costs	A\$/t Sn	\$21,024	\$17,389	\$17,012
All-in sustaining costs (AISC)	A\$/t Sn	\$29,856	\$26,598	\$24,884
All-in cost (AIC) ⁽²⁾	A\$/t Sn	\$35,113	\$31,337	\$30,739
Imputed revenue (net of TC/RC) ⁽³⁾	\$M	56.54	100.65	406.47
C1 cash production costs	\$M	38.85	37.46	150.36
AISC	\$M	55.17	57.29	219.94
AIC	\$M	64.89	67.50	271.69
Imputed net cash (out)/in flow ⁽⁴⁾	\$M	(1.36)	44.09	177.74
Imputed EBITDA	\$M	17.69	63.21	256.12

⁽¹⁾ Calculated using the LME Tin cash bid average less treatment and royalty costs per tonne.

⁽²⁾ AIC includes AISC plus project and exploration costs.

⁽³⁾ Imputed revenue assumes 100% of tin produced is sold. Imputed net cashflow assumes no change to receivables or inventory.

⁽⁴⁾ Metals X share of imputed net cash outflow is A\$0.68 million.

PRODUCTION AND COSTS

- COVID-19 did not significantly impact Renison operations during the quarter.
- Commissioning of a replacement production drill rig helped deliver an increase in mined ore tonnes and drilled stocks despite wet and sticky ore negatively affecting underground hoisting systems.
- Commissioning and reconfiguration of surface and underground electrical feeds to the sites updated and High Voltage (HV) switchyard commenced this quarter. The commissioning of these upgrades required disruptions to the power supply to both mining and processing areas. By the quarter's end, all major site high voltage feeders were powered through the new switchyard.

- Renison produced 1,848 tonnes of tin-in-concentrate (Q2 2022: 2,154 tonnes of tin-in-concentrate). Despite an increase in ore tonnes milled, production was impacted by lower grade, reduced throughput and lower recovery as a result of very high talc grades. Tin production is forecast to increase in the final quarter of the year.
- The AISC for the quarter was \$29,856/tonne of tin (Q2 2022: \$26,598/tonne of tin). The 12.2% increase in AISC was primarily driven by the 14.2% lower tin production for the quarter.
- Imputed EBITDA of \$17.7 million (MLX 50% share - \$8.9 million) (Q2 2022: EBITDA \$63.2 million) and imputed net cash out flow of \$1.4 million (MLX 50% share - \$0.7 million) (Q2 2022: \$44.1 million).

AREA 5 PROJECT UPDATE

The Area 5 upgrade has progressed significantly over the period. Ongoing global supply chain issues have continued to impact the completion schedule for the paste plant project, with underground activities rescheduled to minimise the impacts to the CY2022 mine schedule.

Key activities during the quarter included:

- **HV Power Upgrade**
 - All new transformers switched over to new 11kV Busbar.
 - Voltage transformers, current transformers, power factor correction, metering and control systems installed.
 - Preparation underway for the final 44kV incoming feed switchover in planned November mill shut down.
 - Finishing civil works, removal of redundant equipment, installation of oil/water separator and minor works.
- **Ventilation Upgrade**
 - No. 9 Return Air Rise (**RAR**) ventilation system fan installed and awaiting commissioning mid-October 2022.
 - Power, control and switching systems installed.
 - Vent wall and door installation nearing completion and removal of final raisebore caps in progress.
 - In service date of the new No.9 ventilation system is now planned for end of October 2022.
- **Backfill Facility and Infrastructure**
 - Construction of the plant progressed significantly with the completion civil works, structural steel erection and mechanical installations. The site is now powered from the new underground HV cable, transformer and switchroom. Remaining piping and cabling works are ongoing.
 - Commissioning of the paste plant has been pushed to November 2022. The mining schedule has been managed accordingly.
 - Installation of the underground piping infrastructure is nearing completion in preparation of the first paste delivery in November 2022.

Total Area 5 incurred and committed costs are \$57.8 million with a total forecast cost at completion of \$62.2 million (Q2 2022: \$61.9 million).

MINE RESOURCE DRILLING PROGRAM

During the quarter, 12,756 metres of underground drilling was completed which included grade control drilling in Area 5 and Central Federal Basset and Resource development drilling in Leatherwood and Huon North.

Underground drilling will continue from the Huon North 1450, Leatherwood 1250 and the Area 5 1140 hanging wall drill drive platforms during Q4 2022.

METALLURGICAL IMPROVEMENT PROGRAM

The Metallurgical Improvement Program (**MIP**) remains ongoing, with three projects previously expected to be commissioned in Q3, 2022. The commissioning timeline for the following two projects is Q4, 2022:

- Tin Flotation Circuit Re-configuration
- Leach feed surge tank commissioning.
- Decommissioning of the 50' thickener is now expected to be complete in Q1, 2023.

RENTAILS PROJECT

Stage 1 of the Rentails 2022 Definitive Feasibility Study (**DFS**) Update has been focused on resolving key optionality and project configuration issues, to select the optimum, single go-forward project configuration for detailed consideration in Stage 2 of the DFS.

The planned work on Stage 1 was essentially complete at the end of the quarter. All key optionality and project configuration issues have been resolved, with the exception of the Thermal Upgrade Plant (**TUP**) furnace technology selection.

During the quarter various bridging activities have been progressed in parallel with the planning of Stage 2.

Key activities during the quarter included:

- Concentrator:
 - The concentrator consultant's Stage 1 report was finalised and issued for use.
 - Various bridging works were progressed, including development/update of process models and further optimisation of the UF Falcon, and primary grinding circuits.
- Thermal Upgrade Plant Technology selection:
 - The TUP consultant's Stage 1 report was finalised and issued for use.
 - A fuel supply options study was completed, with LPG recommended as the preferred fuel type. Importantly this offers significantly lower GHG emissions compared to alternatives considered, with a clear transition pathway to lower GHG emissions fuels as these become commercially available.
 - A TSL optimisation study was completed: This work has highlighted significant capital and operating cost reductions, and operation improvements for this technology.
 - All key optionality issues within the TUP, with the exception of the furnace technology selection, have now been resolved.
 - One of the three furnace technologies under consideration (the rotary kiln) has been eliminated from further consideration. Further work including additional test work is currently being planned to aid in resolving the choice between the TSL and Box fumer furnace technologies.
- Infrastructure Engineering:
 - HV power supply options study was completed.
 - A plant layout review was completed. This revealed several opportunities to improve design, reduce the footprint and construction quantities.
- Tailings Reclaim, Tailings and Water Management:
 - Scoping of field works, including geotechnical, hydrogeological and sterilisation requirements required to support the ongoing assessment of tailings management issues was well advanced at the end of the quarter.
 - Engagement and initial mobilisation of CPT drilling contractor commenced – The CPT drilling will further inform the tailings reclaim operational and management requirements, and closure considerations.
 - A LiDAR survey to further inform TSF design and natural values assessment of lease was completed.
- Plant Capacity and Grade:

- Detailed financial analysis to assess the optimum plant capacity and TUP grade was finalised. A tailings retreatment rate of 2.4 Mt/year and TUP feed grade of 11% Sn be carried forward.
- Importantly the increase in tailings retreatment rate (compared to that previously considered), along with the inclusion of supplementary feed streams from the existing Renison operation provides a significant increase in expected production rate to nominally 7,000 t/year tin.
- Safety, Health, Environment & Community:
 - Flora and fauna field assessments covering all potential project locations (process, pipeline, and tailings storage) have been fully scoped and early works completed – No fatal flaws have been identified, with detailed follow-up surveys planned in Q4 2022 and Q1 2023.
 - A permitting feasibility study was completed.
 - Scoping of critical field works to support the EIS was completed.

Work for the coming quarter will focus on the planning and progression of additional work to aid in resolving the choice between the TSL and Box fumer furnace technologies, and the commencement of schedule critical field works to support the assessment of tailings management and environmental issues.

NEAR MINE EXPLORATION

During the quarter, four surface exploration diamond drill holes were completed for a total of 1,454 metres. Phase 2 site preparation has also been completed and drilling has commenced.

The drilling has intersected a significantly mineralised zone, returning an overall drill intersection from hole S1671 of 26.93m @ 4.57% Sn from 225.07m (down hole width), including the following high-grade zones: > 6.03m @ 2.98% Sn from 233.97m. > 4.97m @ 18.22%Sn from 247.03m¹.

The intersection is the best surface exploration result recorded at Renison under the current ownership, with the mineralised zone remaining open at depth and along strike. Follow up drilling has been planned around this intersection and had commenced by the end of the quarter.

Following the success of the first phase DHEM drill targets¹, a follow-up program has been designed and will be commencing in Q4 2022 with a second surface diamond drill rig.

Planning is underway for a tenement wide ambient noise surface-wave tomography survey, which is planned to commence early in Q4 2022.

2022 RENISON ORE RESERVE UPDATE

The 2022 Renison Ore Reserve Update was announced on 26 September 2022². The highlights include:

Total Renison Bell Proved and Probable Reserve increased to 8.8 Mt at 1.46% Sn for 128,900 tonnes of contained tin (taking into account depletion over the past 12 months):

- Reduction in Cut Off Grade from 0.70% Sn to 0.65% Sn following Life of Mine economic analysis;
- 13% increase in total Reserve Ore tonnes at Renison underground over the last 12 months;
- 4% increase in Reserve tin grade at Renison underground over the past 12 months; and
- 17% increase in Reserve contained tin at Renison underground over the past 12 months.

CORPORATE REVIEW

IN-SPECIE DISTRIBUTION OF NICO SHARES

On 13 January 2022, Metals X completed the in-specie distribution of the Consideration Shares to eligible Metals X shareholders.

Metals X requested a Ruling from the ATO on whether the in-specie distribution of the Consideration Shares constitutes a dividend, a return of capital, or a combination of the two. As announced on 7 September 2022, the

¹ Refer ASX announcement: 26 September 2022, Significant Exploration Drilling Intersection

² Refer ASX announcement 26 September 2022, 2022 Renison Ore Reserve Update

Class Ruling confirmed the in-specie distribution of shares in Nico Resources Limited (**NICO**) (ASX:NC1) is a non-assessable capital return to shareholders³.

INVESTMENTS – CONVERTIBLE NOTES, SHARES AND OPTIONS

The Company continues to hold \$36.0 million in aggregate in convertible notes and 20.3 million options, representing the second tranche of the 40.6 million options, issued by Cyprium Metals Limited (ASX: CYM). The first tranche of 20.3 million options were exercisable at a price of \$0.3141 and expired out of the money on 30 March 2022. The second tranche of 20.3 million options are exercisable at a price of \$0.3551 and expire 30 March 2023. Further details on the activities of CYM are available from their ASX releases.

Following completion of the sale of the Company's Nickel Asset portfolio to NICO and subsequent IPO, the Company held 21,100,000 fully paid ordinary shares (**Shares**) and 25,000,000 options in NICO.

Terms of the Shares and options are as follows:

- 5,400,000 unrestricted shares (sold).
- 15,000,000 shares escrowed until 19 January 2023.
- 700,000 shares escrowed until 19 January 2024.
- 25,000,000 options, exercisable at \$0.25 each, escrowed until 19 January 2024, expiring 3 years after grant.

At quarter end, the Company continues to hold 15,700,000 NICO shares and 25,000,000 options (subject to various escrow provisions). The options are exercisable after 19 January 2024 and on or before 3 November 2024. Further details on the activities of NC1 are available from their ASX releases.

CASH GENERATION

At quarter end, Metals X had \$117.5 million closing cash at bank (Q2 2022: \$122.2 million), tin metal receivables of \$3.2 million (Q2 2022: \$4.2 million), tin metal inventory of \$16.5 million (Q2 2022 \$15.5 million) and trade and other payables of \$13.6 million (Q2 2022: \$17.8 million). Trade and other payables include \$5.1 million of tin sales received in advance of the physical tin shipments arriving at port.

Metals X share of imputed net cash outflows from Renison operations is \$0.7 million for the quarter (Q2 2022: inflow \$22.0 million). The Company's cash balance decreased by \$4.7 million during the quarter (Q2 2022: increased by \$30.6 million).

³ Refer ASX announcement: 7 September 2022, ATO Class Ruling Received

The following table reconciles opening cash plus imputed net cashflows to actual closing cash at quarter end.

Movement in cash balance	A\$(m)
Opening cash at bank	122.2
<i>Add cash inflows</i>	
Quarterly tin sales receipts	28.2
	150.4
<i>Less cash outflows:</i>	
Bluestone JV cash calls	(29.5)
Royalty payment	(2.7)
Working capital	(0.7)
Closing cash and cash equivalents at bank¹	117.5

¹ Closing cash and cash equivalents excludes MLX's 50% share of \$5.3 million cash held within the Bluestone Mines Tasmania Joint Venture as at 30 September 2022. Total closing cash and cash equivalents including the cash held in Bluestone Mines Tasmania Joint Venture is \$122.8 million.

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

ENQUIRIES

Mr Brett Smith - Executive Director
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Competent Person's Statements

The information in this report that relates to Exploration Results is based on, and fairly represents, information that has been compiled by Bluestone Mines Tasmania Joint Venture Pty Ltd technical employees under the supervision of Mr Colin Carter B.Sc. (Hons), M.Sc. (Econ. Geol), AusIMM. Mr Carter is a full-time employee of the Bluestone Mines Tasmania Joint Venture Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The Company confirms it is not aware of any new information of data that materially affects the Exploration Results and the form and context in which the Competent Person's finding have been presented has not been materially modified from the original announcement as noted.

The information in this report that relates to Ore Reserves has been compiled by Bluestone Mines Tasmania Joint Venture technical employees under the supervision of Mr Philip Bremner, B Engineering (Mining Engineering), AusIMM. Mr. Bremner is a principal mining consultant at Orecteck Mining Solutions. Mr Bremner has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The Company confirms it is not aware of any new information of data that materially affects the Exploration Results and the form and context in which the Competent Person's finding have been presented has not been materially modified from the original announcement as noted.