

24 July 2009

Metals X Limited joins with world's largest tin miner, Yunnan Tin Group

Metals X Limited Sells up to 60% of Tasmanian Tin Assets for \$60m in Cash

Summary

Metals X Limited ("**MLX**") advises that it has signed a Heads of Agreement ("**HoA**") with the world's largest fully integrated tin miner, Yunnan Tin Group (Holding) Company Ltd ("**YTG**") of China to form a Joint Venture to advance its Tin interests in the state of Tasmania.

Under the agreement, MLX will sell to YTG up to a 60% interest in all the assets of its wholly owned subsidiary Bluestone Mines Tasmania Pty Ltd ("**BMT**") for A\$60m. The first stage being an unconditional 50% interest for A\$50m followed by a conditional 10% for a further A\$10m. MLX will form an unincorporated joint venture with YTG to continue to develop and advance the Tasmanian Tin Assets.

MLX Managing Director Warren Hallam said:

"This major investment by YTG speaks volumes for the future potential of our Tasmanian Tin Assets and the Tin market in general. Joining forces with the world's leading tin miner gives MLX security and growth through access to smelters for off-take and technology to improve the performance and efficiency of its operations and the future development of its Rentals project."

"Being Australia's only tin producer, and one of the very few, if not the only publicly listed western world tin company, MLX has not seen the recognition of value for the significance of its Tin Strategy. We believe this deal not only paves the way for this recognition but greatly enhances the ability for the company to crystallize far more value from these assets for our shareholders."

"This deal also strengthens the financial position of BMT, its employees, internal and external stakeholders. It provides the platform for the continued development of the Renison Project into a significant long term global tin producer during what are difficult times for the resource sector, in general, as metal prices and consumption rates respond to the Global Financial Crisis."

The agreement is subject to FIRB, Chinese Government and MLX shareholder approvals.

About Yunnan Tin Group (Holding) Company Ltd

Having operated for over a century, YTG is the world's largest tin producer and tin base manufacturer producing approximately 60,000tpa of refined tin metal which is approximately 20% of the global market. It has operations throughout China, USA, Germany, Indonesia and Singapore and produces a range of tin and other base and precious metal products including copper, lead, zinc, gold, silver, platinum group metals, nickel, bismuth, antimony, indium, rhenium, arsenic, various alloys and precious metal catalysts. It is also the biggest tin and precious metals research and development centre in China.

With an asset base of over RMB¥15 Bn(US\$2.2Bn) YTG is a vertically integrated organisation with expertise ranging from mineral exploration, mining, dressing, smelting and refining, chemical production and precious metals through to downstream processing and marketing of tin and other non-ferrous metals.

The company operates advanced tin smelting and refining technology, including Ausmelt furnaces, and is recognised for its highly developed processing skills and equipment in mineral processing especially for tin processing. Over the last 20 years YTG has developed over 300 technologies and has received numerous awards for its innovation. YTG has also recently announced that it has undertaken recent hydrometallurgical testing of its low grade tailings.

The quality and reliability of YTG's tin products are famous regionally and internationally, with its trademark "YT", being registered on the London Metals Exchange, having won the gold medal for national excellence three times in succession and being recognised locally as an inspection-free product for export.

YTG has significant shareholdings in two listed companies; Yunnan Tin Co. Ltd and Sino-Platinum Metals Co. Ltd which are listed on Shenzhen Stock Exchange and Shanghai Stock Exchange respectively.

YTG has a proud history of growth over more than 100 years, having established itself as one of Yunnan's most significant export earners and 91st among the top 500 Most Competitive Companies of China in 2006. YTG is listed as one of the top 520 largest Chinese industrial enterprises sponsored by the Chinese government and one of the top Ten Group Enterprises prioritised by Yunnan Provincial Government.

With this tradition of growth, strong financial capacity and diverse range of skills, YTG is the ideal partner for MLX's BMT to propagate its strategy of production, exploration and acquisition growth through strong local management and direct access to world-class development, production and marketing expertise.

Details of the Deal

MLX has entered into a HoA to sell up to 60% of its Tasmanian Tin Assets held by its wholly owned subsidiary, BMT to YTG and to form a joint venture to operate, further develop and advance tin production from these assets.

These assets include the Renison Bell Underground mine, the Mt Bischoff open pit mine, the Renison Tin Concentrator Plant, the Rentails Tailings Re-treatment Project and, related infrastructure and rights.

The purchase of the interest by YTG is structured in 2 stages:

1. The purchase of a 50% interest in all the Tasmanian tin assets of BMT for A\$50m to be paid in cash at completion.
2. BMT will grant YTG a 24 month Call option to acquire an additional 10% interest in the Tasmanian tin assets for A\$10m exercisable at any time. The option is subject to certain milestones if exercised after 12 months. YTG will grant BMT a 12 month put option commencing 12 months after completion which enables BMT to put the same 10% interest to YTG if the Call Option has not been exercised by YTG.

If the Call Option is not exercised within the first 12 months by YTG and the performance milestones have not been met in the preceding 12 month period, the option price is reduced to \$5m and the Put Option held by BMT will lapse.

The option performance milestones over the first 12 months of the joint venture are:

1. Minimum Production of 6,000 tonnes of tin metal contained in concentrate.
2. Average cash operating costs for the operations for the 12 months not exceeding the actual cash operating cost average for the 6 months to 30 June 2009.

The assets purchased by YTG exclude cash debtors and tin metal in stocks on the commencement date.

YTG will assume its proportional share of environmental performance bonds on settlement.

YTG will indemnify and hold harmless BMT for its proportional share of liabilities to financiers in respect of financed equipment.

Effective from the Completion Date BMT and YTG will form an unincorporated joint venture for the development, mining and processing of ore from the Tenements with the Parties having the following initial Participating Interests:

BMT 50%

YTG 50%

Subject to agreement between BMT and YTG on price and commercial terms YTG or its Nominee will have the right to enter into a future off-take sales contract for BMT's Participating Interest share of the projected output of the Joint Venture.

YTG have advised that they have completed and are satisfied with technical due diligence on the assets.

Completion is subject to and conditional upon each of the following Conditions Precedent being fulfilled within 90 days of the signing of the HoA unless extended by mutual agreement or waived:

- (a) YTG completing legal and financial due diligence to its satisfaction on the Assets before 7 August 2009.
- (b) MLX, the parent company of BMT, obtaining shareholder approval if required by the rules of the Australian Securities Exchange.
- (c) Australian Foreign Investment Review Board ("FIRB") approval to the acquisition by YTG of the Assets of BMT and entry into the joint venture with BMT.
- (d) All Chinese government approvals to the acquisition by YTG of the Assets of BMT and entry into the joint venture with BMT.
- (e) Approval by the Tasmanian Director of Mineral Resources to the transfer of up to a 60% interest in the Tenements to YTG.
- (f) Execution by the Parties of the Transaction Documents.

About Metals X Limited

MLX is an emerging diversified resource group with a considerable portfolio of growth assets. MLX has a pipeline of assets at all stages of development from exploration through to production with exposure to tin, nickel, gold, copper, zinc, phosphate, uranium, lead and tungsten.

In addition to the Tasmanian assets MLX owns 100% of the World Class Wingellina Nickel Project which hosts a global resource of over 180Mt at 1% Nickel which includes 167Mt as measured and indicated. The first phase feasibility study was completed in Mid 2008 showing a robust project concept for the construction of a nickel and cobalt operation to producing 40,000tpa of nickel and 3,500tpa of cobalt with an initial mine life of 40 years at an operating cost of less than US\$3.50 per pound of Nickel after cobalt credits.

The Nickel division also receives revenue from a royalty portfolio which includes a 0.375% gross sale royalty of all production from BHP's, Mt Keith Nickel Mine and holds a 1.35% royalty over several mines within the Kambalda dome.

MLX also holds and controls a number of strategic investments:

Westgold Resources Ltd (29.6%) recently won the Gold Mining Journal "2008 Explorer of the year" for its discovery of Rover 1 which is shaping up as one of Australia's newest Gold – Copper provinces in the Northern Territory being akin to the nearby Tennant Creek goldfield.

Aragon Resources Limited (11.35% direct and 48.37% vote) holds several gold, base metals and uranium exploration assets in WA and Phosphate projects in the NT. Aragon has also recently acquired a 13% interest in Vital Metals which owns the Watershed Tungsten project in Far North Queensland containing over 15.1Mt at 0.46% WO3.

Agaton Phosphate Pty Ltd (75%) holds over 800Kms of exploration titles in the Dandaragan trough in WA which host a large deposit of low grade phosphate which is currently being evaluated.

Icon Resources Ltd (7.33%) is currently re-evaluating the Mt Carbine Tungsten project in Far North Queensland.

End

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