

3 June 2009

Wingellina Project Update – Sulphur Supply Option

Metals X Limited (Metals X), through its wholly owned subsidiary Hinckley Range Pty Ltd has entered into an exclusive off-take option agreement with Syngas Limited (ASX: SYS) to purchase up to 100% of the sulphur produced at the proposed Syngas coal to liquid Clinton Project. This option gives Metals X the sole and exclusive right to negotiate an offtake of up to 60,000 tonnes per annum of sulphur that may be produced from the Syngas – Clinton Project in South Australia at spot price less 3%. This provides a potential source of nearby sulphur for approximately 15% of requirements for proposed operations at Wingellina.

Metals X Limited (“Metals X”) completed its Phase 1 Feasibility Study on its massive Wingellina Nickel – Cobalt Project in the Central Musgrave ranges during 2008 and concluded that, subject to funding and approvals, the project should be developed.

The feasibility study derived an annual production of 40,000 tonnes of nickel and 3,000 tonnes of cobalt metal and a mine life of 39 years utilising a High Pressure Acid Leach (HPAL) plant on site to produce a mixed nickel-cobalt hydroxide concentrate for shipping to third party refineries. The Wingellina financial model estimates strong cashflows, even at current depressed commodity prices as detailed in previous quarterly reports.

The feasibility study and metallurgical test work has distinguished the project from other operating nickel laterite deposits in Australia on the basis of the ore style being a limonite or tropical laterite. The chemical make-up and physical characteristics of the ore vary markedly from typical Australian laterite deposits, having an iron oxide content averaging 47%, magnesium content of less than 2% making the ore perfectly suited to HPAL. The proposed mine has a very low strip ratio (0.5:1 for the first 20 years) and the ability to excavate the ore without blasting. In addition, acid and consumable consumptions are low.

While acid consumption is low, sulphur is the largest cost item in the processing of Laterite ores of which transportation contributes a significant amount of this cost and as such securing a local source of sulphur is significantly advantageous to the project.

The option is exercisable by Metals X upon delivery of project development milestones at the Syngas Clinton Project and the Metals X Wingellina Project, and sets out offtake agreement finalisation triggers and bases. Pricing is based on a Vancouver FOB spot price with a marginal discount, eliminating international shipping and warpage costs.

Metals X is proceeding with activities related to obtaining environmental and mining approvals while monitoring funding opportunities for the further design and construction of the operation. Metals X will continue to pursue other opportunities to secure supply of commodities which are critical for operation of the project.

Since May 1, 2009 the world benchmark nickel spot price (LME) has risen by 25% from US\$11605/t to US\$14505/t (or 11.25% in AUD terms).

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