METALS X LIMITED

ACN 110 150 055

Half-Year Financial Report
31 December 2011

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 G Cook (Chairman)
Warren S Hallam (Managing Director)
Dean P Will
Michael L Jefferies
Xie Penggen
Yimin Zhang (alternate for Xie Penggen)

Company Secretary
Fiona Van Maanen

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Codes: MLX

Domicile and Country of Incorporation
Australia

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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2011.

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 G Cook (Chairman)
Warren S Hallam (Managing Director)
Dean P Will
Michael L Jefferies
Sanlin Zhang (resigned 9 February 2012)
Xie Penggen (appointed 9 February 2012)
Yimin Zhang (alternate to Xie Penggen)

REVIEW AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The consolidated total loss after income tax for the half-year was $32,052,517 (2010: $16,816,659 profit after income tax).

The results reflect:

- Impairment losses on "available-for-sale financial assets" of $22,431,544 as a result of declines in the share prices of Mongolian Resource Corporation Limited ($2,296,731) and Independence Group NL ("Independence") ($20,134,813). In the previous financial year Independence successfully completed the off market takeover of Jabiru Metals Limited ("Jabiru"). Metals X Limited participated in the takeover of Jabiru by signing a pre-bid agreement with Independence to sell its 19.99% interest in Jabiru for cash and shares in Independence. The total investment in Jabiru by the Company was $37,765,892. Following the takeover of Jabiru the Company received $48,089,540 in cash and 6,558,571 Independence shares as consideration for its 19.99% interest in Jabiru. The Jabiru sale resulted in a profit of $55,268,640 in the previous financial year. The impairment of ($20,134,813) on the retained shareholding in Independence was the major contributor to the group loss.
- Tin sales revenue for the half-year from the Renison Tin Project (50% owned) was 27% lower compared with the equivalent period in the 2010 year. This was mostly attributable to the decline in the tin price over the half-year period and a 10% decrease in tin production due to the production of lower grade ore while higher grade areas in the mine are being developed. The tin price has since rebounded by almost 30% since 31 December 2011.
- Impairment loss on "investment in associate" of $2,126,950 due to a decline in the share price of Westgold Resources Limited.

REVIEW OF OPERATIONS

TIN DIVISION

Metals X is Australia's largest tin producer through its 50% ownership of the Bluestone Mines Tasmania Joint Venture. The key asset of the Joint Venture is the Renison Tin Project, which consists of the world class Renison tin mine, a nominal 680,000tpa tin concentrator and the proposed Renison Expansion Project (Rentails) which involves the construction of a tailings re-treatment concentrator and tin fuming plant.

Renison Tin Project

The Renison Tin Project is located approximately 15km NE of Zeehan in the mineral-rich west coast region of Tasmania. The Mt Bischoff open pit mine (not operational) is located approximately 80km north of the Renison Tin Project.

REVIEW OF OPERATIONS (continued)

The net operating loss before income tax for the Renison Project for the financial period was $4,751,144 compared to a profit of $5,584,497 for the previous period. The operating loss for the current financial period is due to a decrease in revenue resulting from decreases in the tin price over the period coupled with a 10% reduction in tin production compared to the previous period as a result of the production of lower grade ore, while the development of high grade areas were underway.

Revenue from tin concentrate sales from the Renison Project for the current financial period was $26,109,124 compared to revenue of $35,801,796 for the previous period.

The Consolidated Entity's interest in the performance of the Renison Tin Project for the period to 31 December 2011 is summarised below:

Renison Underground Mine	**2011**	**2010**
Ore Hoisted	129,213 tonnes	121,964 tonnes
Grade	1.50% Sn	1.56% Sn
Mt Bischoff Open Pit		
Total Mined	-	18,638 BCM
Ore Mined	-	3,345 tonnes
Grade	-	0.76% Sn
Tin Concentration		
Tonnes Processed	130,455 tonnes	142,891 tonnes
Grade	1.46% Sn	1.50% Sn
Tin Metal Produced	1,219 tonnes	1,413 tonnes
Tin Concentrate Grade	53.7% Sn	55.8% Sn
Tin Concentrate Produced	2,270 tonnes	2,532 tonnes
Average Tin Price Received	$22,088	$26,517

Renison Underground Mine

The Renison underground mine performed below expectations during the period with a decline in production in the second quarter due to lower grade areas being mined and delays in access to higher grade development and stoping areas in the newly dewatered Ren-North decline. Mine productivity was also affected by poor contractor performance, equipment availability and their consequential impacts on bringing high grade stoping areas on line.

During the period the replacement and upgrade of the mining fleet commenced. A new high capacity truck fleet was commissioned and put into service at the end of the reporting period. The delivery of an additional Jumbo and charge up machine also took place and are now commissioned and operating. This is expected to improve the mine's stoping performance, improve the rate of development and create additional flexibility in the mine. Two new loaders were delivered in late December 2011 and another two loaders arrived in late January 2012. The Joint Venture management is also continuing to work closely with the mining contractor with the focus on improving productivity in the underground mine.

The delayed mining areas from the Ren-North decline (including the Huon Remnants and Extensions and the Mawson lode) and the Upper Federal will be accessed towards the end of March 2012. The newly accessed Area 4 is scheduled for first ore development in April 2012. Accessing these areas will provide additional production flexibility from the underground mine and improve the overall mine grades.

Underground diamond drilling continued during the period with the primary focus on upgrading and extending the Resources and Reserves of the Renison mine. The main drilling areas targeted were northern extensions to the Federal lode (outside of the current mining area), extensions of the historically mined Flinders lodes, the high-grade Huon lodes and the infill drilling of Area 4 resource envelope.

REVIEW OF OPERATIONS (continued)

Surface exploration included the drill testing of near surface targets within the Renison Mining Lease. The program to date has successfully delineated near-surface mineralisation that should be exploitable via open pit mining methods at Dalcoath and Federal, with work currently in progress on defining the southern extensions to the Sligo orebody. In addition the surface drilling program has also been successful in intersecting carbonate replacement-hosted tin mineralisation abutted to the Argent Fault structure, southwest of the Federal - Bassett Fault which has long been regarded as the primary source of tin-bearing mineralising fluid in the Renison environment. This early success with a near-surface, conceptual, structural target provides significant encouragement that there exists the potential for economic tin mineralisation to occur outside of the existing Renison mine "footprint".

Renison Tin Concentrator

The Renison Tin Concentrator performance was generally dictated by the mine performance. A review of the grinding circuit was undertaken during the period by Metso Minerals Limited to optimise and maximise the grinding throughput. Initial results indicate that the processing plant throughput can be increased by approximately 10% with improvements of the mill classification circuit. Various options are currently being evaluated and will be implemented as required. In addition, several improvement projects have been put in place and are anticipated to result in recovery improvements over the following months. The crushing circuit was also fully refurbished during the period in anticipation for improved mining productivity.

Renison Expansion Project ("Rentails")

The Rentails Project has an objective to reprocess and recover tin and copper from an estimated 18.95 Mt of tailings from the historical processing of tin ores from the Renison Bell mine since 1965. The tailings have an average grade of 0.44% tin and 0.20% copper.

Metals X completed a Definitive Feasibility Study for the Expansion Project in 2009 into the mining and re-processing of the tailings for the recovery of tin and copper. Financial outcomes estimated an average total cash cost of production of $11,875 per tonne of tin after copper credits, assuming a copper price of A$6,250 (current copper price A$8,400). Capital costs were estimated to be A$194 million +/- 15%. The study outcomes demonstrate that it remains exposed to upside from tin and copper prices.

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.

The Rentails Project flowsheet comprises the reclaiming of tailings from the historical dams at an annual rate of 2Mt, to produce approximately 5,300t of tin and 2,000t of copper contained in concentrates per annum. The tailings ore is finely ground to increase the liberation of the tin bearing minerals before removing the gangue sulphides by flotation. The sulphide flotation tails which contain the fine tin is then processed through classification, gravity recovery and tin flotation circuits. Flotation produces a 10% tin concentrate that will be smelted to produce a tin fume product assaying in excess of 68% tin. A by-product from the fuming process will be a saleable copper matte assaying 70% copper.

Metals X is currently working with its Renison JV partners to validate the feasibility study in preparation to committing to the project development.

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 and remains so.

There was no production from the project for the reporting period. The net operating loss before income tax for the Collingwood Project for the financial year was $446,571 (2010: $439,750). In the current period there was no impairment of property, plant and equipment (2010: nil). There was no revenue from tin concentrate sales for the period or the previous period.

REVIEW OF OPERATIONS (continued)

Identified Mineral Resource – Consolidated as at 31 December 2011

PROJECT	TIN			COPPER		
	Tonnes (Kt)	Grade (%Sn)	Sn Metal (t)	Tonnes (Kt)	Grade (%Cu)	Cu Metal (t)
Measured						
Renison Bell	917	2.01	18,473	479	0.28	1,321
Mt Bischoff	-	-	-	-	-	-
Rentails	19,505	0.44	86,594	19,505	0.21	41,353
Collingwood	-	-	-	-	-	-
Sub-total	**20,422**	**0.51**	**105,067**	**19,985**	**0.21**	**42,673**
Indicated						
Renison Bell	4,260	1.52	64,585	2,995	0.39	11,737
Mt Bischoff	968	0.59	5,681	-	-	-
Rentails	-	-	-	-	-	-
Collingwood	652	1.29	8,436	-	-	-
Sub-total	**5,879**	**1.34**	**78,702**	**2,995**	**0.39**	**11,737**
Inferred						
Renison Bell	3,177	1.66	2,732	1,242	0.36	4,426
Mt Bischoff	699	0.47	3,300	-	-	-
Rentails	-	-	-	-	-	-
Collingwood	51	1.12	570	-	-	-
Sub-total	**3,927**	**1.44**	**56,602**	**1,242**	**0.36**	**4,426**
TOTALS						
Renison Bell	8,354	1.63	135,790	4,716	0.37	17,484
Mt Bischoff	1,667	0.54	8,981	-	-	-
Rentails	19,505	0.44	86,594	19,505	0.21	41,353
Collingwood	702	1.28	9,006	-	-	-
Total I.M.R	**30,229**	**0.80**	**240,370**	**24,221**	**0.24**	**58,837**

Mining Reserve Estimate – Consolidated as at 31 December 2011

PROJECT	TIN				COPPER		
	Cut-off %	Tonnes (Kt)	Grade (%Sn)	Sn Metal (t)	Tonnes (Kt)	Grade (%Cu)	Cu Metal (t)
Proved Reserves							
Renison Bell	0.80%	378	1.67	6,313	376	0.13%	492
Mt Bischoff	0.50%	-	-	-	-	-	-
Rentails	0.00%	-	-	-	-	-	-
Collingwood	0.70%	-	-	-	-	-	-
Sub-total		**378**	**1.67**	**6,313**	**376**	**0.13%**	**492**
Probable Reserves							
Renison Bell	0.80%	2,230	1.39	30,890	**1,541**	**0.29**	**4,481**
Mt Bischoff	0.50%	-	-	-	-	-	-
Rentails	0.00%	18,664	0.44	82,553	18,664	0.21	39,409
Collingwood	0.70%	-	-	-	-	-	-
Sub-total		**20,894**	**0.54**	**113,442**	**20,206**	**0.22**	**43,890**
Total Mining Reserves							
Renison Bell	0.80%	2,608	1.43	37,202	**1,918**	**0.26**	**4,973**
Mt Bischoff	0.50%	-	-	-	-	-	-
Rentails	0.00%	18,664	0.44	82,553	18,664	0.21	39,409
Collingwood	0.70%	-	-	-	-	-	-
Total Reserves		**21,272**	**0.56**	**119,755**	**20,582**	**0.22**	**44,383**

REVIEW OF OPERATIONS (continued)

NICKEL DIVISION

Central Musgrave Project

The Company's nickel strategy is built around the Central Musgrave Project ("CMP") located in the Central Musgrave Ranges, and straddles the triple-point of the WA/NT/SA borders. The project represents the Company's key nickel assets and comprises the globally significant Wingellina Project, the Claude Hills Nickel prospect and the Mt Davies exploration prospect. The project encompasses 1,957km^2 of prospective exploration tenure encompassing the whole of the Wingellina layered intrusive sub-set of the Giles Complex.

Wingellina Project

The Wingellina Project, part of the CMP, is one of the largest undeveloped nickeliferous 'Pure Oxide' limonite accumulations in the world, consisting of over 180Mt of ore at 1% nickel of which 167Mt is categorised as Probable Mining Reserves.

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 High Pressure Acid Leaching ("HPAL"), with high iron grades (resource average 47% Fe_2O_3) and a very low concentration of magnesium (resource average 1.6% Mg). There are many examples of high iron, low magnesium lateritic nickel deposits which have successfully and profitably produced nickel and cobalt in metal or concentrate form. The characteristics of the Wingellina ore are similar to that of Moa Bay in Cuba and Ambatovy in Madagascar. The former began production using HPAL in 1959, and is still operating today. Moa Bay, Ambatovy and the Wingellina deposits all have similar metallurgical characteristics which result in 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 Wingellina Identified Mineral Resource estimate defines an ore body containing approximately 1.8Mt of contained nickel metal, 139Kt of cobalt metal. Significantly, over 92% of the resource is defined as a Probable mining reserve in accordance with the JORC code, and resource confidence is high.

Identified Mineral Resource – as at 31 December 2011

Class	Tonnes (Kt)	Ni	Co	Fe2O3
Measured	**68,847**	**1.00**	**0.08**	**48.71**
Indicated	98,623	0.97	0.08	46.39
Inferred	15,727	0.97	0.07	42.73
Total	183,197	0.98	0.08	46.95

Mining Reserve Estimate – as at 31 December 2011

Class	Tonnes (Kt)	Ni	Co	Fe2O3
Proven	-	-	-	-
Probable	167,470	0.98	0.08	47.34
Total	167,470	0.98	0.08	47.34

Wingellina is only one of many known nickeliferous limonite occurrences within the Central Musgrave Project and is the only one to date to have been extensively drilled out. During the previous year Metals X completed a drilling program at its Claude Hills Prospect located approximately 25kms to the East of Wingellina where it has defined a JORC compliant inferred resource of 33Mt grading 0.81%Ni, 0.07% Co and 39% Fe_2O_3 .

REVIEW OF OPERATIONS (continued)

The Wingellina development concept envisages a simple mining operation with free-digging limonite ore existing in a number of pits over a strike length of approximately 10kms 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, which 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. Estimated mining costs currently represent less than 5% of the overall operating cost for the project.

Ore processing is planned with an annualised treatment rate of 4.3 million tonnes of ore per annum. The end product of ore processing is planned to be a mixed nickel-cobalt hydroxide concentrate of 32%-38% purity, which is to be sold and shipped off site for refining to nickel and cobalt metal products.

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 19,000km^2.

This landmark agreement, was the first, and remains the only mining agreement to be successfully negotiated in the Ngaanyatjarra Lands and the associated Aboriginal Reserves. Whilst the detail of the Agreement remains confidential, the agreement includes relatively small cash payments as project milestones are met, a gross royalty interest in line with current Western Australian and national industry standards, and employment and training initiatives for the local people.

The finalisation of the Agreement was a major milestone in the development of Wingellina and an important focus for financial and social development within the Ngaanyatjarra lands. The Agreement reflects a willingness by the Ngaanyatjarra People to work together with mining companies in the development of resource projects providing commercial and financial benefits to all stakeholders, whilst maintaining the respect of cultures, beliefs and traditions of the Traditional Owners.

Wingellina financing and development

The company has significantly advanced the Wingellina project and is now reviewing options to finance and develop the project. The Company has held discussions with potential equity participants and financiers with a focus on those international entities that are capable of providing both technical expertise and funding.

Claude Hills Prospect

Claude Hills is located approximately 30kms to the north-east of Wingellina and is one of a number of areas where outcropping nickeliferous limonite similar to Wingellina is known within the Company's exploration titles. Metals X completed a drilling campaign at the Claude Hills prospect to complement the initial drilling campaign carried out in late 2008 and has defined an Inferred Resource as follows:

Total Identified Mineral Resource Estimate as at 31 December 2011

Cut-off (% Ni)	Million Tonnes	Ni (%)	Co (%)	Fe_2O_3 (%)
0.5%	33.3	0.81%	0.07%	39%
0.7%	19.2	0.96%	0.08%	44%

REVIEW OF OPERATIONS (continued)

The Claude Hills resource straddles the wholly owned tenement EL4751 and the Mt Davies JV tenement EL3932, 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 12 to 60m, and lies below a remobilised cover of 5 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.

The presence of well-developed nickeliferous limonite at Claude Hills is an exciting development in the understanding of the Giles Complex, and the Company will continue to explore for additional resources to complement the Wingellina Project. The likelihood of further developing additional resources outside of the Wingellina deposit is considered to be high.

Mt Davies JV

Metals X, through its wholly owned subsidiary Austral Nickel Pty Ltd ("Austral") entered into a farm-in agreement with Rio Tinto Exploration Pty Ltd ("Rio Tinto") in July 2009 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 E3555, which is adjacent to the Wingellina deposit and hosts part of the Claude Hills deposit. Austral 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 Austral of the pre-feasibility study, through the sole funding of a feasibility study. To date only a small percentage of the mineralisation system has been tested and there are numerous other limonite occurrences known to exist within the Mt Davies license. In addition there is also significant potential for the discovery of nickel and copper sulphides within the area.

The information in this report that relates to Exploration Results is compiled by Metals X technical employees under the supervision of Mr Peter Cook (BSc (Applied Geology) (MSc (Min. Econ) MAusIMM). Mr Cook is not a full-time employee of the company. Mr Cook is an advisor to Metals X and the Non-Executive Chairman of Metals X. Mr Cook 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 Cook consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

INVESTMENTS

The Company has five key investments:

1. Westgold Resources Limited;
2. Aziana Limited;
3. Mongolian Resource Corporation Limited; and
4. Independence Group NL.

Westgold Resources Limited

The Company has a 27.17% (30 June 2011: 25.02%) interest in Westgold Resources Limited ("Westgold"), which is involved in the exploration for base and precious metals in Australia. Westgold (ASX:WGR) is listed on the Australian Securities Exchange.

Westgold boasts a resource of over 3.2M ounces of gold equivalent and is endeavouring to become Australians next mid-tier gold producer with targeted production of 200,000 ounce per annum from two development ready projects:

1. The Central Murchison Gold Project ("CMGP") – Western Australia
2. The Rover Project ("Rover) - Tennant Creek Region, Northern Territory

REVIEW OF OPERATIONS (continued)

At Rover near Tennant Creek in the Northern Territory Westgold is also targeting production from its Rover 1 Prospect where it has defined a virgin deposit of +1.2M ounce gold equivalent resource. Westgold is finalising a feasibility study and associated infrastructure studies to enable the projects development.

During the period Westgold announced that GR Engineering Services was appointed to manage the processing plant and infrastructure component of the Definitive Feasibility Study (DFS) for the CMGP. A consolidated production schedule for the project has now been completed and work on the preliminary design of the process plant is underway.

Exploration at the CMGP continued to focus on defining additional near surface open pittable deposits and further intercepts of shallow high grade mineralisation have been reported which continued to outline the prospectivity for additional open pit material.

At Rover, Westgold has completed a detailed geophysical survey which has outlined over 20 untested coincident magnetic and gravity targets and the company is continuing to process the data for the fine tuning of or identification of additional targets. Strong alteration has been identified in the three additional targets tested to date – Rover 7, Pathfinder 1 and Pathfinder 7 with some minor copper sulphides being observed in the latter.

In February 2012 the Company acquired 8,895,086 shares in Westgold for $1,917,383 increasing its interest in Westgold from 25.02% to 27.17%.

The mark-to-market value of the Company's investment in Westgold on 31 December 2011 was $20,201,705 and as the date of this report is $25,884,138.

For detailed information refer to ASX announcements by Westgold (ASX:WGR).

<u>Aziana Limited</u>

The Company has a 25% (30 June 2011: 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.

Aziana has been active in Madagascar since 2006 and has had first-mover and first choice status over the countries exciting gold prospect. It holds 6 key gold project areas all of which have been subjected to substantive artisanal gold mining. In addition Aziana holds a number of bauxite exploration prospects within the Manantenina Bauxite Province in coastal South-east Madagascar. Aziana is actively working these prospects and has discovered large areas of high grade bauxite developed within its titles.

During the period Aziana announced that at its most advanced gold project Alakamisy, it had identified from geochemical analysis an initial anomalous (>20ppb Au) area of over 1.5km^2 which also contains multiple higher grade zones of >100ppb Au. The program has only focused on an initial target area of 3km x 3km and a larger auger geochemical program is now underway which will encapsulate the entire 112.5km^2 of licenses and is expected to expand the gold targets in all directions based on visible gold observations so far returned from panned concentrates. The initial program is targeting the potential for a large bulk open pit mine within the deep surface weathering profile (40-50m) while undertaking the evaluation of the underlying bedrock.

At the Grigri Gold and Silver project historical mining has been based on thick quartz veins bearing visible gold, which has also been defined by stream sampling over a 15km strike. During the period trenching has demonstrated the continuity of the gold vein system, bearing visible gold, 300m to the north. Geological mapping and sampling has also commenced within the other gold projects.

The mark-to-market value of the Company's investment in Aziana on 31 December 2011 was $4,484,640 and as the date of this report is $3,783,915.

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

REVIEW OF OPERATIONS (continued)

Mongolian Resource Corporation Limited

The Company has a 16.97% (30 June 2011: 16.97%) 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.

MRC's two main gold projects include the high grade Kargana (Blue Eyes) Gold Project (85%) and the Sujigtei Gold Project (90%) which are located 7kms apart. The Blue Eyes deposit has been mined for over 80 years by artisanal miners and currently contains an existing mining operation which is advancing over three levels. Sujigtei was actively explored and developed on 5 levels over 150 vertical meters in the 1960's by the East German Geological Department and has been worked in recent times by artisanal miners.

MRC is currently targeting a maiden resource at the Blue Eyes and Sujigtei Gold Deposits located within the North Khentei gold belt of Mongolia. This belt includes several historical mines and deposits including the Boroo and Gatsuurt gold mines, Bumbat, Erren, Khargant and Sujigetei gold deposits. Feasibility studies have commenced on the development of these high grade gold deposits and two mining licenses have been granted and the statutory approvals are at an advanced state to recommence mining activities.

MRC reported that it had undertaken underground sampling at Blue Eyes returning assays averaging 15.6g/t from within the Blue Eyes gold veins including 0.7m @ 97.19g/t from sample 41630, 0.85m @ 23.4g/t from sample 41628 and 0.8m @ 17.15g/t from sample 41626. Sampling of the hanging wall also returned an average grade of 3.85g/t including 1.8m @ 14.68g/t from sample 33316 and 1.80m @ 14.36 from sample 33325. During the quarter five shallow 100m surface drill holes at Blue Eyes were completed to follow-up a defined geophysical target and assess potential open pit ore, initial results returned 2m @ 1.56g/t (MRC001) and 11m @ 0.51g/t (MRC003). Additional drilling is planned to determine the extent of the mineralisation and follow-up on additional surface targets. MRC also reported that the pre-existing processing plant at Blue Eyes is being upgraded to 100 tonnes per day and will be ready for commissioning in the first quarter of 2012.

MRC also holds exploration permits covering the Barglit Iron Ore Prospect (100%), the Doshin Thermal Coal Prospect (100%) and various alluvial gold projects at Berleg, Selenge, Ovorhangay, Omnogovi and Bulgan. Testing of the alluvial at Berleg has been completed and a $200m^3$ per hour alluvial plant is being mobilised to site for the commencement of production towards the end of winter.

The mark-to-market value of the Company's investment in MRC on 31 December 2011 was $2,625,000 and as the date of this report is $2,205,000.

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

Independence Group NL

The Company has a 2.82% (30 June 2011: 3.23%) interest in Independence Group NL ("Independence"), which is involved in the mining and exploration of base metals in Australia. Independence (ASX: IGO) is listed on the Australian Securities Exchange.

Independence operations include the Long Nickel mine and the high grade Jaguar VMS copper, zinc, and silver mine in Western Australia. Independence also owns 30% of the 3.9Moz Tropicana gold project currently being developed and holds various exploration projects within Australia including the Stockman Copper, Zinc and Silver project and the Karlawinda gold project.

During the period Independence announced that the mine life at Long Nickel Mine had been increased by 27% to an estimated 6.5 years after taking into consideration of the 2010/2011 production. Mining reserves stand at approximately 58,100t Ni.

Independence announced that as a result of lower commodity prices along with lower production and higher capital costs at its Jaguar operations (which in most have been resolved), it was undertaking a capital raising to ensure the company maintained a strong balance sheet with the flexibility to fund its growth strategy.

REVIEW OF OPERATIONS (continued)

In December 2011 Independence undertook a capital raising of approximately $119.9 million. As a result the Company's interest in Independence was diluted from 3.23% to 2.82%.

The mark-to-market value of the Company's investment in Independence on 31 December 2011 was $24,791,398 and as the date of this report is $27,349,241.

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

CORPORATE

On 1 July 2011 the Company commenced an on-market buy-back of up to 10% of its issued capital over a twelve month period. During the financial period the Company had acquired 40,278,131 shares for a total value of $9,301,797 and an average price of $0.23 per share.

On 30 November 2011 the Company issued 4,850,000 options to directors and employees at an exercise price of $0.30 expiring 30 November 2014.

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 29 of this report.

Signed in accordance with a resolution of the Directors.

Warren S Hallam
Managing Director

Perth, 13 March 2012

Consolidated Statement of Comprehensive Income for the Half-Year ended 31 December 2011

	Note	31 December 2011 $	31 December 2010 $
Continuing operations			
Revenue	3(a)	28,325,065	36,799,953
Cost of sales	3(c)	(30,739,444)	(29,952,026)
Gross (loss)/profit		(2,414,379)	6,847,927
Other income	3(b)	655,986	1,681,756
Other expenses	3(d)	(3,420,046)	(3,286,916)
Fair value change in financial instruments	3(e)	(520,199)	(57,464)
Finance costs	3(f)	(195,590)	(194,722)
Share of loss of associates		(1,492,667)	(403,850)
Impairment loss on exploration and evaluation expenditure	10	(107,128)	(97,527)
Impairment loss on available-for-sale financial assets	11	(22,431,544)	-
Impairment loss on investment in associates	12	(2,126,950)	-
(Loss)/profit from continuing operations before income tax		(32,052,517)	4,489,204
Income tax benefit	4	869,708	12,327,455
(Loss)/profit for the period		(31,182,809)	16,816,659
Other comprehensive income for the period, net of tax			
Share of change in equity of associates reserves		880,266	62,104
Changes in the fair value of available-for-sale financial assets, net of tax		1,990,231	28,664,240
Other comprehensive income for the period, net of tax		2,870,497	28,726,344
Total comprehensive (loss)/profit for the period		(28,312,312)	45,543,003
(Loss)/profit attributable to:			
Members of the parent		(31,182,520)	16,817,695
Non-controlling interest		(289)	(1,036)
		(31,182,809)	16,816,659
Total comprehensive (loss)/profit attributable to:			
Members of the parent		(28,312,023)	45,544,039
Non-controlling interest		(289)	(1,036)
		(28,312,312)	45,543,003
(Loss)/profit per share for the (loss)/profit attributable to the ordinary equity holders of the parent (cents per share)			
basic (loss)/profit per share		(2.32)	1.23
diluted (loss)/profit per share		(2.32)	1.22

Consolidated Statement of Financial Position as at 31 December 2011

	Note	As at 31 December 2011 $	As at 30 June 2011 $
CURRENT ASSETS			
Cash and cash equivalents	5	62,444,619	75,983,334
Trade and other receivables		11,271,363	12,470,596
Inventories	6	10,055,651	13,168,960
Other assets		397,610	146,177
Other financial assets		3,320,730	3,320,730
Total current assets		87,489,973	105,089,797
NON-CURRENT ASSETS			
Property, plant and equipment	7	20,268,028	16,538,640
Intangible assets	8	-	2,648,484
Mine properties and development costs	9	82,966,301	77,888,899
Exploration and evaluation expenditure	10	2,684,317	827,947
Derivative financial instruments		363,696	228,269
Available-for-sale financial assets	11	27,416,398	49,004,755
Investment in associates	12	24,531,846	22,801,822
Total non-current assets		158,230,586	169,938,816
TOTAL ASSETS		245,720,559	275,028,613
CURRENT LIABILITIES			
Trade and other payables		8,803,784	5,679,553
Interest bearing liabilities		1,584,916	941,788
Provisions		1,349,052	819,678
Total current liabilities		11,737,752	7,441,019
NON-CURRENT LIABILITIES			
Provisions		3,419,530	3,416,632
Interest bearing liabilities		3,837,467	217,041
Total non-current liabilities		7,256,997	3,633,673
TOTAL LIABILITIES		18,994,749	11,074,692
NET ASSETS		226,725,810	263,953,921
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	13	280,737,677	290,056,226
Option premium reserve		18,728,928	18,326,178
Other reserves		140,577	(2,729,920)
Accumulated losses		(72,862,711)	(41,680,191)
Parent interests		226,744,471	263,972,293
Non-controlling interest		(18,661)	(18,372)
TOTAL EQUITY		226,725,810	263,953,921

Consolidated Statement of Cash Flow for the Half-Year ended 31 December 2011

	Note	31 December 2011 $	31 December 2010 $
Cash flows from operating activities			
Receipts from customers		25,522,523	36,848,492
Interest received		3,089,752	920,725
Other receipts		655,986	367,051
Payments to suppliers and employees		(21,047,025)	(26,766,391)
Interest paid		(112,545)	(180,317)
Net cash flows from/(used in) operating activities		8,108,691	11,189,560
Cash flows from investing activities			
Proceeds from sale of plant and equipment		131,686	196,864
Payments for plant and equipment	7	(5,938,065)	(1,233,335)
Payments for mine properties and development	8	(5,769,120)	(4,274,171)
Payments for exploration and evaluation	9	(1,908,664)	(2,462,483)
Payments for investment in associates		(3,125,000)	(626,400)
Payments for available-for-sale financial assets		-	(150,000)
Proceeds from sale of available-for-sale financial assets		-	490,371
Net cash flows (used in)/from investing activities		(16,609,163)	(8,059,154)
Cash flows from financing activities			
Proceeds from performance bond facility		-	1,684,530
Payments for buy-back of shares		(9,301,797)	-
Proceeds from borrowings		5,218,084	-
Repayment of borrowings		(954,530)	(908,700)
Net cash flows from financing activities		(5,038,243)	775,830
Net (decrease)/increase in cash and cash equivalents		(13,538,715)	3,906,236
Cash at the beginning of the financial period		75,983,334	29,496,627
Cash and cash equivalents at the end of the period	5	62,444,619	33,402,863

Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2011

	Issued capital $	Accumulated losses $	Option premium reserve $	Net unrealised gains reserves $	Owners of the parent $	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)
Changes in the fair value of available-for-sale financial assets, 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

Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2011 (Continued)

	Issued capital $	Accumulated losses $	Option premium reserve $	Net unrealised gains reserves $	Owners of the parent $	Non-controlling interest $	Total Equity $
At 1 July 2010	290,141,787	(104,123,039)	18,222,793	- 2,503,340	201,738,201	127,868	201,866,069
Profit for the period	-	16,817,695	-	-	16,817,695	(1,036)	16,816,659
Changes in the fair value of available-for-sale financial assets, net of tax	-	-	-	28,726,344	28,726,344	-	28,726,344
Total comprehensive income and expense for the half-year, net of tax	-	16,817,695	-	28,726,344	45,544,039	(1,036)	45,543,003
Transactions with owners in their capacity as owners							
Tax effect of share issue costs	(42,781)	-	-	-	(42,781)	-	(42,781)
Share-based payment	-	-	103,385	-	103,385	-	103,385
At 31 December 2010	290,099,006	(87,305,344)	18,326,178	26,223,004	247,342,844	126,832	247,469,676

Notes to the Financial Statements for the Half-Year ended 31 December 2011

1. CORPORATE INFORMATION

The financial report of Metals X Limited for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 9 March 2011.

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 and nickel in Australia; the development and construction of tin mine projects and exploration for precious and base metals through significant shareholdings in Westgold Resources Limited, Aziana Limited, Mongolian Resource Corporation Limited and Independence Group NL.

The address of the registered office is Level 3 Hyatt Centre, 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 2011 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 2011 and considered together with any public announcements made by Metals X Limited and its controlled entities during the half-year ended 31 December 2011 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.

Notes to the Financial Statements for the Half-Year ended 31 December 2011 (continued)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

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.

(c) New and amended accounting standards and interpretations

From 1 July 2011, the Consolidated Entity has adopted the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2011. 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.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2011 (continued)

3. REVENUE AND EXPENSES

Loss before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the Consolidated Entity.

		31 December 2011 $	31 December 2010 $
(a)	**Revenue**		
	Revenue from sale of tin concentrate	26,109,124	35,801,796
	Interest received - other corporations	2,215,941	998,157
	Total revenue	28,325,065	36,799,953
(b)	**Other Income**		
	Net gain on sale of share investments	-	252,941
	Gain on deemed disposal of associate	-	1,061,764
	Other income	655,986	367,051
	Total other income	655,986	1,681,756
(c)	**Cost of sales**		
	Salaries, wages expense and other employee benefits	(3,799,546)	(3,338,695)
	Other costs	(18,344,274)	(19,838,840)
	Royalties	(375,226)	(1,239,821)
	Write-down in value of inventories to estimated net realisable value	(3,184,840)	1,917,756
	Depreciation and amortisation expense		
	Depreciation of non-current assets		
	Property, plant and equipment	(1,816,416)	(1,864,762)
	Buildings	(103,492)	(125,995)
	Amortisation of non-current assets		
	Mine properties and development costs	(3,115,650)	(5,461,669)
	Total cost of sales	(30,739,444)	(29,952,026)
(d)	**Other Expenses by function**		
	Administration Expenses		
	Salaries, wages expense and other employee benefits	(1,072,760)	(988,614)
	Directors fees and other benefits	(65,438)	(52,700)
	Superannuation expense	(93,561)	(95,302)
	Share-based payments	(402,750)	(103,385)
	Consulting expenses	(225,053)	(214,418)
	Travel & accommodation expenses	(110,315)	(90,236)
	Administration costs	(304,289)	(280,180)
	Operating leases	(63,276)	(65,236)
	Depreciation expense		
	Depreciation of non-current assets		
	Property, plant and equipment	(75,042)	(109,215)
		(2,412,484)	(1,999,286)

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2011 (continued)

3. REVENUE AND EXPENSES (continued)	31 December 2011 $	31 December 2010 $
(d) Other Expenses by function (continued)		
Other Expenses		
Foreign exchange (gain)/loss	(537,092)	(505,658)
Care and maintenance costs	(388,426)	(391,302)
Net loss on sale of plant and equipment	(82,044)	(390,670)
	(1,007,562)	(1,287,630)
Total other expenses by function	(3,420,046)	(3,286,916)
(e) Fair value change in financial instruments		
Fair value change in derivatives	(520,199)	(57,464)
Total Fair value change in financial instruments	(520,199)	(57,464)
(f) Finance Costs		
Interest	(129,406)	(180,317)
Unwinding of rehabilitation provision discount	(66,184)	(14,405)
Total finance costs	(195,590)	(194,722)

4. INCOME TAX

A reconciliation between tax expense/(benefit) and the product of accounting profit/(loss) before income tax multiplied by the Consolidated Entity's applicable income tax rate as follows:

Loss/(profit) before income tax	(32,052,517)	4,489,204
At Consolidated Entity's statutory income tax rate of 30% (2010: 30%)	(9,615,755)	1,346,761
Expenditure not allowed for income tax purposes	120,825	32,262
Expenditure allowable for income tax purposes	(16,752)	(42,781)
Unrecognised tax losses brought to account	-	(13,663,697)
Unrecognised tax losses not brought to account	9,511,682	-
Previously recognised tax losses now derecognised	(869,708)	-
Income tax benefit reported in the statement of comprehensive income	(869,708)	(12,327,455)

5. CASH AND CASH EQUIVALENTS	31 December 2011 $	30 June 2011 $
CASH AND CASH EQUIVALENTS		
For the purposes of the half-year statement of cash flow, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	62,444,619	75,983,334
	62,444,619	75,983,334

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2011 (continued)

6. INVENTORIES

During the half-year ended 31 December 2011 due to a decrease in the tin metal price there was an inventory write-down of $3,184,840 (2010: reversal of write-down $1,917,756) for the Consolidated Entity. This amount is included in the cost of sales line in the statement of comprehensive income (refer to note 3(c)). Inventory write-downs relate to inventories being valued at net realisable value which is lower than cost.

7. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 31 December 2011 the Consolidated Entity paid for assets with a cost of $5,938,065 (2010: $1,233,335).

Assets with a net book value of $213,730 were disposed of by the Consolidated Entity during the half-year ended 31 December 2011 (2010: $587,534) resulting in a loss on disposal of $82,044 (2010: $390,670) (refer to note 3(d)).

8. INTANGIBLE ASSETS

During the half-year ended 31 December 2011 the Consolidated Entity transferred the amount of $2,648,484 relating to the Rentails Development Project from intangible assets to mine properties and development.

9. MINE PROPERTIES AND DEVELOPMENT

During the half-year ended 31 December 2011 the Consolidated Entity paid for $5,769,120 (2010: $4,274,171) 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.

In the current period intangible asset expenditure of $2,648,484 relating to the Rentails Development Project was transferred to mine properties and development.

In the previous financial year exploration and evaluation expenditure of $53,798,510 relating to the Wingellina Nickel Project was transferred to mine properties and development.

10. EXPLORATION AND EVALUATION EXPENDITURE

During the half-year ended 31 December 2011 the Consolidated Entity paid for $1,908,664 (2010: $2,462,483) in relation to exploration and evaluation expenditure. During the half-year a review was undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. In assessing the carrying value of the Wingellina Nickel Project (Hinckley Range Pty Ltd) and the Collingwood Tin Project (Bluestone Nominees Pty Ltd) certain expenditure on exploration and evaluation of mineral resources at these specific areas have not led to the discovery of commercially viable quantities of mineral resources. As a result exploration and evaluation expenditure of $107,128 (2010: $97,527) was written off to the statement of comprehensive income.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2011 (continued)

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) The Company has a 2.82% (30 June 2011: 3.23%) interest 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.

In the previous financial year Independence completed a takeover of Jabiru Metals Limited ("Jabiru"). As a result of the takeover the Company sold its ownership interest of 19.99% in Jabiru to Independence. Consideration received for the Jabiru shares was $48,089,540 in cash and 6,558,571 shares in Independence. The Jabiru sale resulted in a profit of $55,268,640 for the Company in the previous financial year.

At the end of the period the fair value of the Company's investment was $24,791,398 (30 June 2011: $36,924,575) which is based on Independence'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 $20,134,813 (30 June 2011: nil)

(b) The Company has a 16.97% (30 June 2011: 16.97%) 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 $2,625,000 (30 June 2011: $10,080,000) 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 $2,296,731 (30 June 2011: nil)

12. INVESTMENT IN ASSOCIATES

(a) The Company has a 25.02% (30 June 2011: 25.02%) interest in Westgold Resources Limited ("Westgold"), which is involved in the exploration for base metals in the Australia. Westgold is listed on the Australian Securities Exchange. At the end of the period the Company's investment was $20,201,705 (30 June 2011: $22,801,821) which represents cost plus post-acquisition changes in the Company's share of net assets of Westgold net of impairment.

Based on the quoted share price the fair value of the Company's investment in Westgold at the end of the period was $20,201,705 (30 June 2011: $22,801,821). 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 $2,126,950 (30 June 2011: $3,631,601).

(b) The Company has a 25% (30 June 2011: 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 $4,484,640 (30 June 2011: $2,000,000) 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 $4,484,640 (30 June 2011: $2,000,000).

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2011 (continued)

13. ISSUED CAPITAL

	31 December 2011 $	30 June 2011 $
ISSUED CAPITAL		
Ordinary shares		
Issued and fully paid	280,737,677	290,056,226

	Number of shares on issue	$
Movements in ordinary shares on issue		
At 1 July 2011	**1,365,661,782**	**290,056,226**
Share buy-back	(40,728,131)	(9,301,797)
Tax effect of share issue costs	-	(16,752)
At 31 December 2011	1,324,933,651	280,737,677
At 1 July 2010	**1,365,661,782**	**290,141,787**
Tax effect of share issue costs	-	(85,561)
At 30 June 2011	1,365,661,782	290,056,226

14. COMMITMENTS AND CONTINGENCIES

Capital commitments

Commitments relating to jointly controlled assets

At 31 December 2011 the Consolidated Entity had commitments of $56,107 principally relating to plant and equipment upgrades and replacements for the Bluestone Mines Tasmania Joint Venture (30 June 2011: $115,023).

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 $5,218,083. 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.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2011 (continued)

15. OPERATING SEGMENTS

The following table presents revenue and profit information regarding the Consolidated Entity's operating segments for the half-years ended 31 December 2011 and 31 December 2010.

Half-year ended 31 December 2011	Tin Projects	Nickel 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	-	-	-	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)**

Half-year ended 31 December 2010	Tin Projects	Nickel Projects	Total segments	Unallocated, adjustments and eliminations	Consolidated
Revenue					
Sales to external customers	35,801,796	-	35,801,796	-	35,801,796
Other revenue from external customers	-	-	-	998,157	998,157
Total revenue	**35,801,796**	**-**	**35,801,796**	**998,157**	**36,799,953**
Results					
Segment profit	**5,144,747**	**(131,668)**	**5,013,079**	**(523,875)**	**4,489,204**

The following table presents segment assets of the Consolidated Entity's operating segments as at 31 December 2011 and 30 June 2011.

	Tin Projects	Nickel Projects	Total segments	Unallocated, adjustments and eliminations	Consolidated
Segment assets					
As at 31 December 2011	**65,589,486**	**61,309,012**	**126,898,498**	**118,822,061**	**245,720,559**
As at 30 June 2011	**61,798,253**	**60,490,899**	**122,289,152**	**152,739,461**	**275,028,613**

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 2011 (continued)

15. OPERATING SEGMENTS (continued)

Reconciliation of profit	31 December 2011 $	31 December 2010 $
Segment (loss)/profit	**(5,326,197)**	**5,013,079**
Share of loss of associates	(1,492,667)	(403,850)
Impairment loss on avialble-for-sale financial assets	(22,431,544)	-
Impairment loss on investment in associates	(2,126,950)	-
Gain on deemed disposal of associate	-	1,061,764
Finance costs	(195,590)	(194,722)
Fair value change in financial instruments	(520,199)	(57,464)
Corporate income/(expenses)	40,630	(929,603)
Group (loss)/profit	**(32,052,517)**	**4,489,204**

Reconciliation of assets	31 December 2011 $	30 June 2011 $
Segment operating assets	126,898,498	122,289,152
Unallocated cash and receivables	66,510,121	80,704,615
Available-for-sale financial assets	27,416,398	49,004,755
Investment is associates	24,531,846	22,801,822
Derivative assets	363,696	228,269
Group operating assets	**245,720,559**	**275,028,613**

16. SHARE BASED PAYMENTS

On 30 November 2011, 4,850,000 share options were granted to directors and employees. The options vested immediately.

The fair value of the options granted is estimated using a Black & Scholes model, taking into account the terms and conditions upon which the options were granted.

Grant date	**30 November 2011**
Expected volatility (%)	60%
Risk-free interest rate (%)	3.15%
Expected life of options (yrs)	2.5
Options exercise price ($)	$0.30
Share price at grant date ($)	$0.25
Fair value at grant date ($)	$0.08

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2011 (continued)

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair Value hierarchy

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

	31 December 2011			
	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	27,416,398	-	-	27,416,398
Derivatives				
Listed investments	350,363	-	-	350,363
Unlisted investments	-	-	13,333	13,333
	27,766,761	-	13,333	27,780,094

	30 June 2011			
	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	47,004,755	-	-	47,004,755
Unlisted investments	-	2,000,000	-	2,000,000
Derivatives				
Listed investments	-	-	-	-
Unlisted investments	-	-	228,269	228,269
	47,004,755	2,000,000	228,269	49,233,024

During the period there was a removal of the Aziana Limited shares out of Level 2 and transferred to investment in associates. There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement. Aziana Limited listed options were added to Level 1 listed derivative investments. 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 2011 (continued)

18. INTEREST IN JOINTLY CONTROLLED ASSETS

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 2011 (2010: nil).

19. EVENTS AFTER THE BALANCE SHEET DATE

In January 2012 the Directors of Agaton Phosphate Pty Ltd applied for voluntary deregistration of the company based on the fact that the company was dormant and no longer carrying on a business.

In February 2012 the Company acquired 8,895,086 shares in Westgold for $1,917,383 increasing its interest in Westgold from 25.02% to 27.17%.

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 2011 and the performance for the half-year ended on that date of the Consolidated Entity; and

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

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

On behalf of the Board

Warren S Hallam
Managing Director
Perth, 13 March 2012

Auditor's Independence Declaration

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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 2011, 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
Perth
13 March 2012

DL:LP:METALS X:013

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Independent Review Report

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Independent auditor's report to the members of Metals X Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Metals X Limited, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 2011 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.

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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 2011 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
13 March 2012